



Daily Report

China

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General

**Spokesman Voices Opposition to Sanctions
Against DPRK**

HK0906130594 Beijing ZHONGGUO XINWEN SHE
in Chinese 1123 GMT 9 Jun 94

[Text] Beijing, 9 Jun (ZHONGGUO XINWEN SHE)—Chinese Foreign Ministry spokesman Shen Guofang said here today in reply to a reporter's question that we must not lose the direction of trying to solve the DPRK nuclear issue as it will be very difficult to step back once we have lost it.

Shen Guofang said: The direction is that of safeguarding peace and stability on the Korean Peninsula and promoting its denuclearization. China hopes that all the parties concerned work toward these two basic goals, will continue to seek a peaceful way to properly solve the DPRK nuclear issue, and will refrain from practices that may intensify the contradiction.

Shen said: There is still room and the possibility of a proper solution despite the present difficulties with the DPRK nuclear issue. Therefore, China does not favor the involvement of the UN Security Council in the DPRK nuclear issue and does not agree to sanctions against the DPRK because that will push all sides concerned toward the brink of confrontation, which may cause consequences no side wishes to see.

Shen said: China is not clear about the details of the DPRK nuclear development program, and it is hard for China to predict what moves the DPRK will make once sanctions are imposed. But sanctions are not a good method. Experience in solving international issues tells us that sanctions often intensify contradictions and lead to conflict.

He stressed: There are many complicated factors in the DPRK nuclear issue. Two things are very important in solving this problem: Patience and a certain amount of time. China hopes all the parties concerned remain calm and maintain restraint and do not close the door on negotiations so easily. Efforts over the last year show that there will be progress if talks between the four corners and the three sides are resumed, and a crisis if talks stop.

Shen Guofang also revealed details about this morning's working meeting between the Chinese and ROK foreign ministers, saying that the two sides exchanged their views on the situation in great depth. There is some common ground: They both hope that the trend toward peace and stability on the Korean peninsula can be maintained, neither wants to see any serious consequences, and they agreed that further efforts are required to solve the DPRK nuclear issue.

**Qian Qichen Views International Situation,
Foreign Policy**

OW1006092394 Beijing XINHUA in English 0907
GMT 10 Jun 94

[Text] Beijing, June 10 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen said here today that the current world, with various political forces disintegrating and realigning, is proceeding in the direction of multi-polarization.

Qian made the remarks in a report delivered at a meeting jointly held by the Propaganda Department of the Central Committee of the Communist Party of China (CPC), the work committee of the departments of CPC Central Committee and other departments here today.

He analyzed the new characteristics of the current international situation, saying that the world is undergoing drastic and complicated changes.

The development of the world economy is in imbalance, Qian said, adding that economic competition and trade friction were intensifying and economic factors were playing a bigger role in international relations.

He continued that China's reform and opening to the world policies had tapped the potential of the country's huge market, which has created good conditions for economic cooperation and trade between China and the rest of the world.

The Chinese foreign minister briefed the meeting on the development of China's foreign affairs in recent years. Firmly pursuing the independent foreign policy of peace and overcoming many difficulties, China has made fresh achievements in its diplomacy, he said.

Since the beginning of this year, Qian noted, over ten presidents and government heads, as well as more than 20 foreign ministers of other countries had toured China, while Chinese leaders have visited more than 30 countries around the world.

China's cooperative relations with developing countries have been strengthened, Qian said, adding that fresh progress has been made in Sino-U.S. ties and relations between China and other Western countries.

Qian stated that China has become an important factor in the peace and stability of the international community and has dedicated itself to maintaining global and regional peace.

He concluded that the development of the international situation was beneficial to China in general, stressing that China should take advantage of all the favorable factors and get rid of unfavorable ones to create a peaceful international environment for its modernization drive.

Wu Yi Comments on Pros, Cons of Rejoining GATT*HK1006052094 Beijing GUOJI SHANGBAO in Chinese
3 Jun 94 p 1*

[By staff reporter Zheng Zhihai (6774 1807 3189): "Wu Yi on General Agreement on Tariffs and Trade, Uruguay Round of Trade Talks"]

[Text] China has been making a dynamic effort to restore its status as signatory to the General Agreement on Tariffs and Trade [GATT] and has taken many courses of action to that end. But the promises we make have to be within what China's economy can tolerate. To safeguard China's social stability and sustained economic development is of overriding importance. We will not sacrifice our vital interests in order to "rejoin GATT" and if it is an either-or situation, we would rather not "rejoin GATT." This is a remark made by Wu Yi, minister of foreign trade and economic cooperation, when interviewed by this reporter the other day.

When commenting on the pros and cons of "rejoining GATT," Wu Yi said: The analysis of pros and cons should be objective. On the one hand, we must not entertain unrealistic illusions about the benefits that "rejoining GATT" might bring and think that we will reap a lot of economic benefits after "rejoining GATT." Yet on the other hand, we should not paint a very dark picture of the effects of "rejoining GATT" and believe that it will cause a rampant influx of foreign goods, in the face of which many of China's own industries will collapse. One should say that there are more pros than cons for us in "rejoining GATT." Today, when the world is moving toward multipolarization after the cold war, we can, by joining a multilateral trading system, maintain the markets we have opened up in a relatively stable fashion and will find it easier to open up new markets. After "rejoining GATT," we can, in accordance with the relevant provisions of GATT, gradually get rid of discriminatory trade behavior imposed on China by many countries and enjoy the fair trade treatment stipulated by GATT. Secondly, we can also take advantage of the multilateral rules of GATT to resist the unilateral trade retaliation exercised by some Western powers and put them under political and moral condemnation. In addition, "rejoining GATT" can help boost the confidence of foreign economic and trade circles in China's trade environment and investment environment. It is even more true of those major overseas companies and multinationals that are concerned with medium-term and long-term interests. What are the cons? To put it simply, we must further lower our tariffs and open up our domestic market, which may have an impact on some products. But we are following a policy of selective protection and gradual opening in order to minimize such an impact.

On the hot topic of "when to rejoin GATT," Wu Yi said: It has been eight years since we filed an application for

rejoining GATT, and the China GATT team has conducted 16 rounds of talks. Now the procedure has entered the important stage of negotiating on tariff reduction and deliberating the agreement on China's "rejoining GATT." We wish to "rejoin GATT" before the World Trade Organization is officially founded, so that China can become one of the founding nations of the World Trade Organization that is to replace GATT. The problem now is that some signatories from the West are too demanding in such areas as tariff reduction, market access, and service trade. In particular, one or two countries appear to be supporting China, but are actually creating all sorts of obstacles. The talks will still take some time because there is still a wide gap between the bargaining parties. Naturally, we will not try to "rejoin GATT" at all costs simply for the sake of "rejoining GATT." Despite the many problems at present, our attitude remains that of striving hard to succeed.

Wu Yi spoke highly of the final document of the Uruguay-round talks that China recently signed. She said: China took part in the entire process of Uruguay-round talks and in the end signed the final document together with other participants. It marked China's return to the world's multilateral trade system, whereupon China solemnly undertook to observe the latest international trade rules. This is of profound and far-reaching significance to our establishing a socialist market economic and legal system. Our promise will also help boost confidence in China among world investors and businessmen.

The direct economic implications for us of the results of the Uruguay-round talks should be analyzed case by case. Wu Yi said: Some of the many agreements contained in the final document may have more pros than cons for us. Take the agreement on textiles for example. Because the textile market will be fully opened up in our country, enjoying a relative advantage in the textile industry, may perform better in textile exports. But in the case of the agreement on agricultural products, because subsidies for agricultural exports will be phased out, China will have to pay a high price as it is a major importer of agricultural products. She believed that the Uruguay round's impact on different countries is not even. Whoever has faster economic development, more products that enjoy greater advantages, and a bigger export volume will benefit more from the results of the multilateral trade talks. Therefore, the foundation of the work on foreign economic relations and trade is at home and lies with domestic economic development and industrial structural adjustment.

Column Notes Continued Role for Nonaligned Movement*HK1006061294 Beijing RENMIN RIBAO in Chinese
9 Jun 94 p 6*

["International Forum" column by Shui Ming (3055 2494): "The Nonaligned Movement Is Still Full of Vigor and Vitality"]

[Text] Foreign ministers and representatives of foreign ministers from 109 nonaligned nations gathered recently in Cairo to discuss the role and mission of the organization in the post-Cold War period. They then signed the "Cairo Declaration" and other documents. This was another gratifying event in the development of the Nonaligned Movement.

The Nonaligned Movement mounted the world's political stage in the 1960's. In those years, being sandwiched between the two major military blocs in the East and the West, the small and medium-sized Third World countries were deeply harmed by this confrontation. Therefore, Tito, al-Nasir, Nehru, and some other statesmen put forward the idea of "independence, self-determination, and non-grouping." Their proposal won extensive support in the Third World, and the Nonaligned Movement arose, rapidly developing into a dynamic political force representative of the Third World. The Nonaligned Movement produced a major impact on the world pattern and the balance of strength in the Cold War period, and made indelible contributions to the just struggles of various peoples against imperialism, colonialism, and hegemonism.

Today, as the Cold War has come to an end, there is an opinion negating the Nonaligned Movement. This opinion holds that the environment for the appearance and development of the Nonaligned Movement no longer exists, so the historical mission of the Nonaligned Movement has been completed. However, foreign ministers of the nonaligned nations attending the Cairo meeting disagreed with this point of view. At the concluding session, the Egyptian foreign minister said: "We have not reached the end of the history of the Nonaligned Movement. We must become the voice of the Third World."

The objective facts also show that the mission of the Nonaligned Movement is still far from being completed. Although the Cold War has come to an end, power politics and hegemonism remain in international relations. The Nonaligned Movement, which is not outdated, should continue to play a role in international affairs so as to safeguard the interests of the Third World countries.

In addition, although many nonaligned nations have won political independence, most of them remain in a relatively backward economic condition because they were plundered and exploited over a long period of time by imperialism and colonialism, and are still constrained by the current unreasonable international economic order. They must be united and must strive jointly for equal development rights. This has become a new and major task for the Nonaligned Movement, and this also will be a more arduous and complicated struggle. At the Cairo meeting, the nonaligned nations began to stress the issue of economic development. The document published at the end of the meeting explicitly criticized the trade protectionism pursued by the developed nations under the guise of environmental protection and human

rights, and also urged the developed nations to help reduce the foreign debts borne by the developing countries and to fulfill their solemn promise of using 0.7 percent of their gross national product to assist the undeveloped countries in the Third World.

As the world is developing into a multipolar pattern, the Nonaligned Movement is still full of vigor and dynamism, and remains a weighty political force in the international arena. In the ongoing trend of international economic integration, the countries of the Nonaligned Movement will shift the focus of its activities to the field of developing their economies, strengthening South-South cooperation, and promoting North-South dialogue. This will bring new vigor to the Nonaligned Movement.

U.S. House Votes To Lift Bosnian Arms Ban

OW0906223694 Beijing XINHUA in English
2209 GMT 9 Jun 94

[Text] Washington, June 9 (XINHUA)—The U.S. House of Representatives voted today to unilaterally lift the arms embargo on Bosnia, which would in effect violate a U.N. resolution.

By a vote of 244-178, the House urged President Bill Clinton to end the ban and allow arms flow to the Bosnian Muslims, who were seen as the "grieved side" in the Balkan war.

Although against the U.N.-authorized arms ban, the Clinton administration maintains that unilateral end of the embargo would undermine other U.S. foreign policy goals.

The Senate adopted a similar measure earlier as an amendment to the fiscal 1995 bill.

For the two amendments to have legal binding effects, the House and Senate will have to negotiate further.

And President Bill Clinton could also veto the measure, which can only be rejected by a two-third vote in Congress.

The Clinton administration tried in vain to avert Thursday's [9 June] vote by sending Defense Secretary William Perry, Under Secretary of State Strobe Talbott and Chairman of the Joint Chiefs of Staff John Shalikashvili to the capitol.

In a joint statement to the House, the three warned that "unilateral U.S. actions will fracture the NATO alliance and put us at odds with Russia."

For his part, Clinton wrote to Representative Lee Hamilton that "U.S. action to lift the embargo would bring the peace process to an end, destroying the unified approach we, our allies and the Russians have been working to achieve."

Thursday's vote had been planned earlier but was postponed at the request of the administration to avoid

embarrassing Clinton while attending the celebrations of the 50th anniversary of the D-Day.

U.S. Secretary Notes U.S. Stance on NATO Expansion

*OW0906153294 Beijing XINHUA in English
1500 GMT 9 Jun 94*

[Text] Istanbul, June 9 (XINHUA)—U.S. Secretary of State Warren Christopher reiterated today his country's commitment to NATO's expansion and welcomed Russia's intention to participate in the Partnership for Peace (PFP) program without preconditions.

Speaking at the North Atlantic Council (NAC) meeting held here, Christopher quoted President Bill Clinton as saying that "Now the question is no longer whether NATO will take on new members, but when and how we will do so."

He stressed that Russia figures prominently when considering NATO's relationship with nations to the East.

"Whatever course its internal evolution may take, Russia is and will remain a vital actor in European security affairs," said Christopher, adding that "It is our interest—and Russia's—to develop broad, constructive interaction between NATO and Russia."

In addition to the PFP program, the U.S. also welcome other cooperations with Russia, including the "16+1" formula, added Christopher.

Although the U.S. recognizes Russia's legitimate concerns in the states that emerged from the Soviet Empire, Christopher warned that "No country has a right to assert a role that is inconsistent with international norms."

He went on to say that Europe's stability and security is also based on the treaty on conventional forces in Europe and the U.S. is committed to maintaining the integrity of the treaty over the long term.

Foreign ministers from 16 NATO member states attended the NAC spring meeting in Istanbul to participate in the tough task of working out a common approach to NATO-Russian relationship.

NATO Pledges 'Constructive Relations' With Russia

*OW0906175594 Beijing XINHUA in English
1728 GMT 9 Jun 94*

[Text] Istanbul, June 9 (XINHUA)—Foreign ministers from 16 NATO countries agreed here today to develop "constructive relations" with Russia, which they believe can make an important contribution to European stability and security.

In a joint communique released at the end of the North Atlantic Council meeting, the alliance reaffirmed its strong support for political and economic reform in

Russia and recognized the important role Russia can play on a wide range of issues.

"We wish to develop constructive relations of mutual respect, benefit and friendship between Russia and the alliance," said the communique.

NATO foreign ministers especially expected that Russia will also join the Partnership for Peace (PFP) program and work out an "extensive and far-reaching individual plan, corresponding to its size, importance, capabilities and willingness to contribute to the pursuit of shared objectives."

The PFP program, unveiled at January's NATO summit in Brussels, was designed to prevent a security vacuum by offering Warsaw Pact countries the prospect of eventual membership of the alliance, but this was interpreted by Russian nationalists as an attempt by the West to extend its influence into Russia's frontiers.

During the one-day NAC spring meeting held in Istanbul, NATO ministers reviewed the implementation of the January summit decisions and voiced their particular satisfaction with the positive reception of the PFP initiative.

In the context of PFP, the first peace-keeping exercises will take place this autumn in the Netherlands and Poland, said the communique.

However, the NATO ministers maintained that the dialogue with former Warsaw Pact countries must of course, affect NATO's right to take its own decisions on its own responsibility by consensus of its members."

In a bid to enhance the alliance's ability to respond to crisis, NATO ministers vowed to continue their work on the "combined joint task forces."

Concerning the conflict in the former Yugoslavia [The Former Yugoslav Republic of Macedonia], the joint communique urged the parties to reach a political settlement at the negotiating table and not on the battlefield.

The North Atlantic Council called for a full and timely implementation of the existing disarmament agreements.

A number of other regional issues including tensions in the southern Caucasus and NATO's relations with other international institutions were discussed as well at the NAC meeting.

NATO Hopes For Dialogue, Cooperation With Russia

*OW0906211494 Beijing XINHUA in English
2021 GMT 9 Jun 94*

[Text] Istanbul, June 9 (XINHUA)—Foreign ministers from 16 NATO countries hope to establish a "dialogue and cooperation" with Russia, a high-ranking NATO official said here today.

Speaking at a press conference following an one-day NATO foreign ministers meeting, Sergio Balanzino, deputy NATO secretary-general, said that Russia has a special position in Europe and a good cooperation between NATO and Russia is very vital to the stability and security of Europe.

Balanino said that the alliance welcomes Russia to sign the Partnership for Peace, but he reaffirmed that NATO will not give "the special position" to Russia.

He said that the program of the Partnership for Peace will come true, and it is a very satisfying matter for the stability and security of Europe.

The Partnership for Peace program provides for broad political and military cooperation, including joint maneuvers and NATO help in defense planning and in converting arms industries to civilian purposes. It stops short of providing any security guarantees, but will allow for eventual NATO membership for some East European nations.

If Russia signs a basic partnership agreement, NATO would be ready to broaden cooperation into such areas as nuclear arms and safety and European security issues.

The joining of the Partnership for Peace by the former East Block countries will strengthen not only the political relationship but also the military cooperation between the two sides, said the official.

In a joint communique released at the end of the NATO meeting, the ministers agreed to develop "constructive relations" with Russia, which they believe can make important contribution to European stability and security.

"We wish to develop constructive relations of mutual respect, benefit and friendship between Russia and the alliance," said the communique.

During the meeting, a number of other regional issues, including tensions in Bosnia-Herzegovina and in southern Caucasus and NATO's relations with other international institutions, were also discussed.

Foreign ministers from 41 member states of the North Atlantic Cooperation Council will meet here Friday [10 June] to discuss the partnership between NATO member states and newly joined countries.

NATO Issues Policy Framework on Weapons Proliferation

OW0906211394 Beijing XINHUA in English
1953 GMT 9 Jun 94

[Text] Istanbul, June 9 (XINHUA)—The ministerial meeting of the North Atlantic Council (NAC) adopted here today a policy framework on preventing proliferation of weapons of mass destruction (WMD).

The adoption was made at the end of the one-day NATO foreign ministers meeting which were attended by 16 NATO member states.

The NAC said that major political changes on the European continent following the break-up of the former Soviet Union also have potential proliferation implications that required close attention.

It added that a number of states on the periphery of the alliance continue in their attempts to develop or acquire the capability to produce WMD and their delivery means or to acquire illegally such systems.

"Similarly, the growth of indigenously developed WMD-related technology has also made proliferation more difficult to control," the NAC said.

"In addition, there is the risk that a proliferator might seek to profit or gain political benefit by selling WMD and their delivery means, relevant technology and expertise," stated the meeting.

The NAC agreed that current international efforts focused on the prevention of WMD and missile proliferation through a range of international treaties and regimes.

The most important normsetting treaties are the nuclear Nonproliferation Treaty (NPT), the Chemical Weapons Convention (CWC) and the Biological and Toxin Weapons Convention (BTWC).

It pointed out that the BTWC can be strengthened through efforts in the field of transparency and verification.

It also added that the allies furthermore supported other relevant efforts in the field of non-proliferation and arms control.

"The alliance policy on proliferation is aimed at supporting, reinforcing and complementing, not at duplicating or substituting the aforementioned treaties and regimes," the NAC said.

United States & Canada

Jiang Zemin Meets U.S. Entrepreneur
OW1006070894 Beijing XINHUA in English
0657 GMT 10 Jun 94

[Text] Beijing, June 10 (XINHUA)—Chinese President Jiang Zemin met and had a cordial talk here this morning with Robert B. Palmer, president of the Digital Equipment Corporation of the United States, and his party.

Jiang expressed appreciation over the cooperation between the U.S. corporation and Chinese departments over the years, hoping that such cooperation in the field of electronics will grow on the basis of equality and mutual benefit.

Palmer said his corporation wishes to establish a good cooperative partnership with the Chinese side in developing information technology.

Palmer and his party arrived here on June 8 as guests of the Chinese Ministry of Electronics Industry.

MOFTEC Minister's Trip to U.S. Viewed

*HK1006092094 Hong Kong TZU CHING in Chinese
No 6, 5 Jun 94 pp 10-12*

["Special dispatch from Beijing": Report on interview with Wu Yi, minister of foreign economic relations and trade, by Xiao Lu (5135 6424), in Hong Kong; date not given: "Development Trend of Sino-U.S. Economic and Trade Cooperation Judged From Wu Yi's Visit to the United States"]

[Text] In late April, Wu Yi, minister of foreign trade and economic cooperation, paid a week-long unofficial visit to Hong Kong and Macao on her way home from a 12-day visit to the United States during which she headed a delegation to a meeting of the Eighth Sino-American Commerce and Trade Joint Commission.

The aim of her visit to Hong Kong and Macao was to participate in the meetings of the boards of Hong Kong's China Resources Group and Macao's Nam Kwong Group, which are subsidiaries of the Ministry of Foreign Trade and Economic Cooperation [MOFTEC]. Therefore, except for holding meetings and visiting some Chinese-funded enterprises, she did not appear on any other occasion. From the first day she arrived in Hong Kong, however, she became the focus of the well-informed Hong Kong and Macao media. Reporters began to follow her wherever she was. Television, radio, and newspapers carried reports about her.

Closely Bound Up With Hong Kong's Economy

The reason Hong Kong media paid so much attention to Wu Yi's Hong Kong visit is, first, because Hong Kong and Macao media were very concerned about the results of the minister's just-ended visit to the United States. The development trend of economic relations and trade between China and the United States—and particularly the question of whether the United States would extend China's most-favored-nation [MFN] trading status—is closely bound up with Hong Kong's economy. According to the Hong Kong Government's estimation, if MFN status were terminated, Hong Kong would suffer a loss of trading opportunities ranging from HK\$153 billion to HK\$187 billion, Hong Kong's GNP would shrink by a range between HK\$19 billion and HK\$26 billion, and the number of people whose employment is affected will range between 54,000 to 57,000.

In a special interview with our staff reporters in Hong Kong, Wu Yi said that one of her important tasks during the U.S. visit was to preside, together with U.S. Secretary of Commerce Ronald Brown, over the meeting of the

Eighth Sino-American Commerce and Trade Joint Commission, held in Washington 13-14 April. She thought that the meeting was a success and that it laid a good foundation for the establishment of long-term, stable cooperative economic relations and trade between China and the United States.

As an annual meeting between the Chinese and U.S. Governments, the meeting of the Sino-American Commerce and Trade Joint Commission was the most important mechanism of consultation for questions related to bilateral economic relations and trade. Wu Yi said: "The meeting discussed a wide range of economic and trade issues of common concern. Both sides thought this kind of discussion was frank and pragmatic. At the end of the meeting, a joint declaration regarding cooperation in industrial technology was signed."

Please do not think the phrases "a wide range of," "frank," and "pragmatic" are some everyday diplomatic terminology. As far as this author knows, behind these adjectives were practical contents. For example, questions the two ministers discussed included MFN status, trade deficit, market access, and intellectual property rights. Moreover, under the framework of the three working teams for investment, industrial cooperation, and law, the Joint Commission meeting was divided into 18 small groups for discussions on special topics including finance, trade statistics, export control, commercial law, and intellectual property rights. Furthermore, the joint declaration was finally issued announced the establishment of trade-financing and trade-promotion working teams, thus restoring the bilateral law symposium and establishing a commercial law working team. These were two highly constructive concrete results.

Advance Amid Frictions

Wu Yi's basic comment on Sino-U.S. economic relations and trade was "advance amid frictions." She said that despite the frequent frustrating and restless days, trade volume between the two countries increases at a rate of 20 percent each year.

She held that the biggest shadow on Sino-U.S. economic relations and trade is the U.S. annual review of MFN status for China. She stressed that if the United States continues to attach conditions to MFN, the consequences will be more serious. If the two sides confront each other, they will suffer and neither side will win. The delegation's visit to the United States fell on the eve of the U.S. Congress' debate over MFN status. It was a subtle and sensitive moment. On her visits to U.S. Vice President Gore, Treasury Secretary Bentsen, and National Economic Council Chairman Rubin, and Commerce Secretary Brown, she repeatedly stated China's position.

Wu Yi said: MFN status is purely a trade issue. We consistently oppose the linking of it with non-trade issues. If confrontation arises from this issue, then not only will Sino-U.S. economic relations be clouded in a

shadow, but there also is the possibility they may break up. She said that China is fully prepared if the United States chooses to confront China and that China will not crumble without MFN status.

While in the United States, she always cited the Chinese saying to explain China's diversified market policy: "If there is no light in the east, there is light in the west. If there is darkness in the south, it will not be dark in the north." There now are 228 countries and regions that have economic relations and trade with Mainland China. Wu Yi said: "China's door has been opened to the whole world. It is impossible for anyone to close it."

An Economic Card

Some media hold that during her U.S. trip, Wu Yi played a good "economic card": She headed a 200-person investment and trade delegation for the trip across the Pacific at the same time. The delegation—which was comprised of high-ranking officials, experts, and entrepreneurs from the eight ministries and commissions of the State Council and from the 26 provinces, municipalities, and autonomous regions—offered more than 800 projects for negotiation. They launched large trade-promotion campaigns in Los Angeles and New York. It has been learned that the delegation was the largest ever sent to the United States by China. In the 10-day trade talks, at least \$1.3 billion of contracts were signed and the total amount as stated in letters of intent exceeded \$4 billion.

U.S. financial, industrial, and commercial circles responded enthusiastically. Various multinational corporations and medium-sized and small investors kept visiting, and a total of 1,200 or more people participated in the trade talks.

Everyone knows that last year, more than 300 large U.S. corporations sent a joint letter to President Clinton, asking for the unconditional renewal of China's MFN status, ending the annual debate at an early date, and eliminating destabilizing factors. Since the end of the Cold War, the international macroclimate has developed in the direction of "economics and trade," and among corporations from around the world China has become a large market to scramble for. So far, of the 500 largest corporations listed by FORTUNE, 52 have set up factories in China, and U.S. economic interests have been expanding continuously. Therefore, the call for the resolution of China's MFN status comes mainly from U.S. industrial and commercial circles. They were extremely interested in the MOFTEC minister's visit.

Moreover, many U.S. industrialists and businessmen know that Wu Yi was once an entrepreneur in charge of a large petrochemical company and that she has excellent expertise. On one occasion when she met IBM's new president in Beijing, her familiarity with and knowledge of IBM's business greatly surprised the guest, who exclaimed: "I am wondering if I am the IBM president or you."

Historical Opportunity for Sino-U.S. Economic and Trade Cooperation

During the U.S. trip, Wu Yi paid a special visit to the McDonnell Douglas Corporation, and General Electric's president flew Wu Yi, head of the Chinese Government Economic and Trade Delegation, and Ye Qing, the deputy head and vice minister of the State Planning Commission, to its headquarters on a special plane. In their last day in New York, the U.S. top boss (Greenburgh) came to see her and held a farewell party for Wu Yi and her party, at which dozens of bosses of well-known U.S. corporations gathered, making the night a brilliant one.

Wu Yi placed a big order with the U.S. entrepreneurs: "In the next seven years, China's total imports will reach \$1,000 billion. China's emphases of development are in such areas as communications, telecommunications, and energy—precisely those in which the United States has an advantage. U.S. economic circles are faced with a historical opportunity to develop Sino-U.S. economic cooperation."

Over the past four years, the U.S. Congress has been a major obstacle to the smooth extension of MFN status. In recent years, following large numbers of visits to China by congressmen and their assistants, plus the positive and effective lobbying of U.S. industrialists and businessmen, more and more congressmen have come to support the unconditional extension of China's MFN status. On the trip to the United States, Wu Yi met with more than 30 congressmen and was invited to the Congress, where debate was under way. According to data supplied by the Chinese Embassy in the United States, that was the first time a senior Chinese official had met so large a number of congressmen.

Effective Cooperation Will Create a Miracle

Another reason Hong Kong and Macao were so concerned about Wu Yi's visits was because the popularity of this female minister is rapidly increasing in international economic circles. Since the end of 1991 when she, as the head of the Chinese representatives to the Sino-U.S. talks on intellectual property rights, finally succeeded in the nagging talks following an arduous battle of words, has been considered a strong rival in talks by Western countries, especially by the United States, which is the de facto controller of several major world economic organizations. Although she did not have to participate in talks as her duty during the delegation's visit to the United States, she demonstrated a frank, forthright, calm, and resourceful personal character in her contacts with government officials and entrepreneurs, and won many new friends. Her style has become a new image of openness of senior Chinese officials and is drawing increased attention.

She said: "The United States is the most developed country in the world. It possesses a great wealth of capital and advanced technology. China is the world's largest developing country and possesses a wealth of

human resources and a practical and potential huge market. If China and the United States can achieve effective cooperation, then we believe that an economic miracle will be created."

U.S. Pharmaceutical Company Invests in China

*OW0906141294 Beijing XINHUA in English
1338 GMT 9 Jun 94*

[Text] Hangzhou, June 9 (XINHUA)—Merck and Co. Inc., of the U.S.A., one of the world's largest producers of medicines, has set up its first joint venture in China with Hangzhou Huadong Medicine Group Corporation.

The joint venture, the Hangzhou MSD Pharmaceutical Co Ltd, was formally established here on Wednesday [8 June]. Qi Moujia, the head of China's State Pharmaceutical Administration, cut a ribbon at the opening ceremony.

Qi said that he believed the joint venture would give great impetus to the development of China's pharmaceutical industry.

About 100 foreign-funded pharmaceutical companies have been set up since China's pharmaceutical industry opened to the outside world in 1978, he said.

Merck and Co has 16 production centers around the world, which are all called "MSD." It has been among America's ten best companies for years. Last year, its sales value exceeded 10 billion U.S. dollars.

The total investment in the joint venture is over 26 million U.S. dollars, 75 percent of which comes from the American firm. The venture's contract has a 30-year term.

The joint venture will produce medicines to treat rheumatism, cardiovascular disease, prostate and other diseases, using Merck's patent technology.

It will use Merck's advanced management style as well as its science and technology.

All the products of the joint venture are intended for sale on the Chinese market, partly replacing imports of the same medicines.

The sales value of the joint venture is due to reach 3.5 billion yuan (about 400 million U.S. dollars) within six years.

Central Eurasia

Official Denies Reports on Chernomyrdin Resignation

*OW1006024494 Beijing XINHUA in English
0228 GMT 10 Jun 94*

[Text] Moscow, June 9 (XINHUA)—Russian President Boris Yeltsin's press secretary today dismissed media

reports of Prime Minister Viktor Chernomyrdin's resignation as "fabrication and lies."

Vyacheslav Kostikov in a statement this afternoon denied that President Yeltsin was planning to replace Chernomyrdin with former Russian Security Council Secretary Yuriy Skokov.

He said that the media reports about Yeltsin's meeting with Skokov on June 7 "were not in conformity with the facts."

Chernomyrdin's aides also issued a statement saying that the reports about the prime minister's resignation were "absolutely groundless."

"Spreading such rumors only serves certain elements and is exploiting the current situation," said the statement.

Opinion polls show that Chernomyrdin's reputation has been surging since early in the year. But speculation that Chernomyrdin will leave his post this autumn has been rife since he flew to Germany for a medical check-up on June 5.

The newspaper KOMSOMOLSKAYA PRAVDA today carried a front-page story saying that Skokov is going to replace Chernomyrdin as prime minister.

It quoted informed sources around the Russian cabinet as saying that the president's advisors have agreed in principle that after Chernomyrdin's resignation for health reasons is accepted, Skokov will be appointed prime minister.

Chernomyrdin seemed to have agreed to this arrangement before he flew suddenly to Germany early this month, according to the newspaper.

The reports have created a furor at home and abroad. Chernomyrdin's aides immediately responded by issuing a statement in Germany saying that the prime minister would return to Moscow later today.

Tianjin-Moscow Air Route Begins Service 10 Jun

*SK1006053594 Tianjin People's Radio in Mandarin
2300 GMT 9 Jun 94*

[Text] An air route between Tianjin and Moscow via Urumqi and Novosibirsk will begin service on 10 June. Thus, one more flight connects Moscow, the capital of Russia, with the inland cities of China. The air route is 1,080 km long. A Model-15 passenger plane possessed by the (?Xinjiang) Air Line will be put into flight and take off from the Tianjin Airport at 1310 on every Friday.

XINHUA Interviews Estonian President on Upcoming Visit

OW1006030094 Beijing XINHUA in English
0238 GMT 10 Jun 94

[Text] Helsinki, June 9 (XINHUA)—Estonian President Lennart-Georg Meri said today that trade between his country and China had a bright future and his people could learn much from China about establishing economic free trade zones.

He made the remarks in a written interview with XINHUA. The president is due to visit China between June 12-18.

He told XINHUA that he is aware that China is playing an increasingly important role in world politics.

Although the existing trading volume between China and Estonia is not big, the president said, he was satisfied with the bilateral relations, especially within the economic and trade sectors which are mutually beneficial.

Dozens of Chinese companies have already invested in Estonia and the Estonian business community is keen to reciprocate.

A delegation of Estonian industrialists and businessmen will travel to China soon after President Meri's trip, seeking new cooperative opportunities.

According to the president, Estonia hopes to become China's trading gateway to the Nordic and Baltic countries as well as other European regions.

President Meri explained that Estonia was changing from a planned to a market economy and observing China's successful economic adjustment period could help his country achieve a smooth transition.

He said that Estonia will continue to carry out macro economic changes, land and agricultural reform and a privatization program.

In recent months the Estonian economy has been rising rapidly from its previous low point with export and foreign exchange reserves increasing remarkably.

Estonia's investment conditions are also improving and gross domestic production is expected to increase by six percent this year.

Northeast Asia

Japan To Give More Aid to Asian Countries

OW0306155494 Beijing XINHUA in English
1458 GMT 3 Jun 94

[Text] Tokyo, June 3 (XINHUA)—The Japanese Government released an annual report today calling for more aid for other Asian nations as a way to help revitalize the global economy.

Japan should contribute to the revitalization of the global economy by offering positive assistance to other Asian countries in their efforts to help themselves, while maintaining and expanding its own dynamic growth, said the white paper on economic cooperation for the fiscal year 1994. It added that Japan should expand its direct investment in and imports from other Asian countries.

The white paper, prepared by the International Trade and Industry Ministry, described the newly-industrializing economies (NIES) in Asia and the Association of Southeast Asian Nations (ASEAN) as "the growth center for world economic development."

The report consists of three parts—current trends in the developing countries, countries aiming at further development through the utilization of the market mechanism and the expansion of dynamism in Asia.

It said that gross domestic product (GDP) last year in the developing countries showed a stable growth of 6.1 percent. The growth in Asia reached 8.4 percent, while favorable growth was observed in the Middle East and in Central and South America.

On the other hand, economic growth remained sluggish in Africa, the former Soviet Union and Eastern Europe, the report said.

It paid particular attention to China, Vietnam and India, devoting much space to analyzing various problems related to economic reform in these countries.

"China has achieved rapid growth again, as in the previous year, by gradually promoting reform and more open policies since the introduction of a market economy," the report said.

The country's trade and investment have expanded and inter-dependence with the world economy has deepened, especially in China's coastal areas.

But the paper noted that China still faced many problems, such as regional differences between the rapidly-growing coastal areas and the inland areas where the infrastructure is weak.

It said Japan's overseas aid in 1992 fell by 36.3 percent to 15,944 million U.S. dollars, smooth growth in official development assistance (ODA) being more than offset by a substantial drop in private-sector aid.

Japan's ODA in 1992 totalled 11,332 billion dollars, making the country the top donor in the world for the second consecutive year, the report said.

China, Japan To Cooperate in Breeding Nearly Extinct Birds

OW0806223694 Beijing XINHUA Domestic Service in Chinese 0712 GMT 8 Jun 94

[By reporter Huang Fengzhen (7806 7685 3791)]

[Text] Tokyo, 8 Jun (XINHUA)—A delegation from the Chinese Ministry of Forestry headed by Forestry Minister Xu Youfang held talks on 7 June with a group of officials from the Japanese Environment Agency headed by the Agency's director general, Toshiko Hamayotsu. The two sides reached a consensus on cooperation in the protection of ibises, and signed a summary of talks on cooperation in the protection of ibises.

The summary of talks says: "The Chinese Ministry of Forestry and the Japanese Environmental Agency realize that the ibis is one of the bird species which is most near extinction, and to protect ibises and rescue them from the crisis of extinction is a problem for the Chinese people and the Japanese people to solve together." The summary says: To further strengthen cooperation between the two countries in the protection of ibises, the two sides have reached a consensus on the measures which could be adopted within the limits of the laws and regulations of their respective countries and their financial resources. The summary says: To support the Japanese side in the artificial breeding of ibises during the period of cooperation, the Chinese side will lend to the Japanese side a pair of healthy, reproductive ibises which are currently in the hands of the China Wild Life Protection Association. The birds will be loaned for a period of less than three years and be used in breeding and joint research. The Chinese side shall send the pair of ibises to Japan before 30 September 1994, and the Japanese side shall return the pair to China before October 1997.

The pair of birds are loaned for exclusive use by Japanese experts in breeding research. If the Japanese side extends an invitation, the Chinese side will consider sending experts to Japan to participate in the research.

Xu Youfang and his party arrived in Japan on 5 June on an eight-day good-will visit at the invitation of the Japanese Ministry of Agriculture, Forestry and Fisheries. During their visit in Japan, Xu Youfang and his party have held talks with Japanese Agriculture, Forestry, and Fisheries Minister Mutsuki Sato and Environment Agency Director General Toshiko Hamayotsu. They have also paid courtesy calls on Japanese upper house speaker Bunbe Hara and former Japanese Prime Minister Morihiro Hosokawa.

Jimmy Carter To Visit DPRK, ROK

OW1006031094 Beijing XINHUA in English
0256 GMT 10 Jun 94

[Text] Washington, June 9 (XINHUA)—Former U.S. President Jimmy Carter said today he and his wife will visit the Democratic People's Republic of Korea (DPRK) and Republic of Korea (ROK) next week, according to a report reaching here from Atlanta.

During the visits, he hopes to discuss "some of the important issues of the day with leaders in the area," Carter said in a statement.

"As is the case with other international issues since leaving the White House, I have attempted to stay adequately briefed on the Korean situation," he said.

Carter noted that the initiative for his visit has been from Korea, not from Washington. "I will have no official status relating to the U.S. Government," he added.

ROK President Kim Yong-sam Meets Trade Minister Wu Yi

OW0906130594 Beijing XINHUA in English
1244 GMT 9 Jun 94

[Text] Seoul, June 9 (XINHUA)—South Korean President Kim Yong-sam said here today that his country will increase investment in China, which has now become the largest receiver of Seoul's overseas investment.

Kim made his remarks during a meeting with Wu Yi, Chinese minister of foreign trade and economic cooperation, who arrived in Seoul on Tuesday [7 June] for a six-day visit to South Korea.

By the end of last year, South Korea's investment in China had reached 550 million U.S. dollars.

Kim said that he was happy to see the rapid development of Sino-South Korean relations since the two countries established diplomatic ties in August 1992.

He expressed the belief that Sino-South Korean cooperative relations will develop faster than ever in all fields.

On China rejoining the General Agreement on Tariffs and Trade (GATT), Kim said that as a large country, membership in GATT will be conducive to China's development and beneficial to the rest of the world as well.

During the meeting Kim and Wu briefed each other on economic development in their countries.

Earlier this morning, Wu held talks with South Korean Trade, Industry and Resources Minister Kim Chol-su on bilateral economic and trade cooperation between China and South Korea.

Rong Yiren Meets Former ROK Foreign Minister

OW1006100194 Beijing XINHUA in English
0927 GMT 10 Jun 94

[Text] Beijing, June 10 (XINHUA)—Chinese Vice-President Rong Yiren met with Yi Sang-ok, former foreign minister of the Republic of Korea (ROK), and his party here this morning.

During the meeting, Rong expressed appreciation for Yi's efforts in developing Sino-ROK relations when he was the ROK foreign minister.

Rong said that relations between China and ROK have been progressing fast and maintained a momentum of development since the two set up diplomatic links.

The exchanges of visits between leaders of the two countries have further promoted cooperation in the political and economic fields, Rong said.

The economies of the two countries were complementary and each has its own strength, Rong said. Therefore, bilateral cooperation enjoys great potential.

The Chinese vice-president stressed that developing Sino-ROK friendly relations is beneficial not only to the two countries, but also to peace and development in Asia.

Yi said that during his current visit, he had seen China's new economic development, which is of great significance to economic development in northeast Asia and in the world at large.

Yi said that he had done some work for developing bilateral relations when he was ROK foreign minister, and that he would continue to make efforts for the promotion of such relations.

Yi and his party arrived here on Tuesday [7 June] as guests of the Chinese People's Institute of Foreign Affairs (CPIFA).

Public Servants Exchange Planned With ROK

OW0906134894 Beijing XINHUA in English
1322 GMT 9 Jun 94

[Text] Seoul, June 9 (XINHUA)—China and South Korea will begin an exchange of public servants later this month for the first time, the South Korean Government Administration Ministry said here today.

South Korea plans to send 16 grade-five, working-level officials on June 28 to a three-week group training course for public servants offered by the Chinese Personnel Ministry.

China, in turn, will send 15 public officials to South Korea in early September to attend a training course at the central officials training institute here.

This exchange is based on an agreement signed last March to expand personnel cooperation between the two countries.

The ministry said the exchange is designed to promote friendly cooperation between civil servants by widening their knowledge of the other nation's reform policy.

Xinjiang Chairman, ROK Businessman Sign Agreement

OW0406132594 Urumqi Xinjiang Television Network
in Mandarin 1330 GMT 2 Jun 94

[From the "Xinjiang News" program; by correspondent Su Latu (5685 2139 2251)]

[Text] Yesterday evening, Abulaiti Abudurexiti, Xinjiang Autonomous Regional People's Government chairman, and (Kim Kap-yeon), president of the Korea-China Group [KCG] of the ROK, signed a letter of intent for long-term economic cooperation between China's Xinjiang Uyghur Autonomous Region and the KCG on behalf of Xinjiang and the KCG. KCG President (Kim Kap-yeon) visited Xinjiang from 30 May to 1 June at the invitation of the Xinjiang government. President (Kim Kap-yeon) called on Chairman Abulaiti Abudurexiti and other Xinjiang leaders for talks during his visit. [Video shows close-up of Abulaiti Abudurexiti and Korean guest talking] Both sides extensively exchanged views on Xinjiang's current economic situation, potential for development, and long-term cooperation, and reached a common understanding on Xinjiang's infrastructure construction and industrial development. Prior to the agreement-signing ceremony, Abulaiti Abudurexiti cordially conversed with President (Kim Kap-yeon). Xinjiang Vice Chairmen Wang Lequan and Wang Yousan participated in the ceremony.

Southeast Asia & Pacific

Cambodia's Sihanouk Gives Interview in Beijing

BK0806112494 Beijing China Radio International in
Cambodian 1030 GMT 7 Jun 94

[Interview with King Norodom Sihanouk by correspondents (Li Bun) and (Yuan), on 6 June at his residence in Beijing—recorded]

[Text] [(Li Bun)] We are correspondents for China Radio International.

[Sihanouk] Please come in. [Words indistinct] [laughter].

[(Li Bun)] We would like to thank Your Majesty for kindly granting us an interview despite your being very busy. We are very happy to see that Your Majesty is healthier and stronger. This is a source of pride for all Cambodian and Chinese people.

[Sihanouk] Thank you very much. I am this healthy because of the great benevolence of the PRC and all the ladies and gentlemen—male and female doctors and nurses—who are giving me the care and medical treatment to relieve me from my illnesses, which include cancer. It is also thanks to the great friendship and considerable scientific knowledge of the Chinese doctors and nurses who have given me the treatments on behalf

of the great Chinese people, the Communist Party of China, His Excellency [H.E.] President Jiang Zemin, and the PRC Government.

For several months they have worked day and night to enable me to live longer for the sake of the sublime interest of the Cambodian nation and people, and so that I will be able to continue serving the correct cause of eternal and immortal friendship and fraternity between our two countries. We are fraternal countries which will always have great friendship, fraternity, and solidarity. Thank you.

[(Li Bun)] We believe that Your Majesty will have perfect health and a very long life.

[Sihanouk] Thank you very much for your great friendship and respect for me.

[(Li Bun)] I would like to beg permission to ask some questions. China and Cambodia have a long-standing bond of traditional friendship, especially since the Bandung Conference in 1955, under the joint efforts of Your Majesty and the Chinese leaders of all generations. The friendship between the two countries has been continuously enhanced and tested in all circumstances. What is your opinion concerning the basis for promoting the fraternal, friendly relations between the two countries and the future of this relationship between the two countries? Thank you.

[(Li Bun)] H.E. President Jiang Zemin has given a grand welcome for the official state visit I paid this week in the most glorious PRC, which is the greatest, most sincere, and oldest friend of our Cambodian people and nation. H.E. Jiang Zemin recalled that history shows that our two countries have established a bridge of friendship since time immemorial. In the Angkor era, the greatest era in Cambodia's history, there was close contact between our two peoples and nations. In the Angkor era, the Chinese philosopher Chou Ta-kuan paid a courtesy call on the Cambodian king and had close contact with the Cambodian people and stayed with them for a long time. He wrote to inform the Chinese people about Cambodian history, life and traditions of the Cambodian people and nation in that era. Later, I and H.E. Zhou Enlai reestablished the friendship as it was in the past. After the Bandung Conference, I had the great honor to pay an official state visit to the great Chinese state of the PRC. I had the great honor to call on H.E. Chairman Mao Zedong, and our friendship and cooperation has strengthened since then.

The PRC has given us so much help. We support one another in the international arena. In Cambodia's national reconstruction, the PRC has helped us all along in this effort, thus enabling our country to become very prosperous during the Sangkum Reas Niyum era, that is from 1955 to 1969. H.E. President Liu Shaoqi, H.E. Premier Zhou Enlai, H.E. Marshal Chen Yi, and H.E. Chairman Li Xiannian went personally to Cambodia to give us cooperation and assistance. Later, H.E. Deng Xiaoping, the esteemed chairman, H.E. President Jiang

Zemin, H.E. Premier Li Peng, H.E. Chairman Qiao Shi, and others have performed excellently in continuing the good traditions of friendship and cooperation with me and the Cambodian government. The PRC has helped us regain national reconciliation and security through the Paris Conference on Peace in Cambodia held in 1991. China has played a big role in that effort. Within the framework of the UNTAC [UN Transitional Authority in Cambodia], China also played a big role in helping Cambodia to achieve national reconciliation, peace, and the possibilities of rebuilding the nation. The Chinese people and nation have helped us in the national reconstruction to enable us to enjoy peace and prosperity following over two decades of war and misery. Throughout our life and the history of Cambodia, we will never forget this contribution of the PRC. We will always respect the PRC, which has made great contributions to us.

Therefore, the basis of our friendship is the fact that we know each other very well and respect each other like real brothers. The many Chinese people who have had family ties to Cambodia since time immemorial and those Cambodians with Chinese blood represent another good bridge of friendship that has always bound our two countries together. The common ideals of justice, progress, freedom, independence, and mutual trust—the correct ideals for all mankind—are the basis for what has always bound us together.

Another point is China's concern for the fate of Cambodia; they view it as the fate of the Chinese nation. China has always wanted Cambodia to enjoy prosperity and live forever with its independence and territorial integrity. We regard great China as our second motherland; that is, we love China wholeheartedly. We love each other without seeking to gain any personal benefit from each other; that is, we are honest with each other and are determined to defend our common ideals in the international arena and contribute to world peace and the development of various countries.

These are the major principles and the main basis that will always bind our countries together as great friends and brothers and will help to strengthen our cooperation and solidarity.

[(Li Bun)] [Words indistinct] the outcome of your visit?

[Sihanouk] First is the enhancement and consolidation of the basis for the traditional bonds of friendship and solidarity between our two countries, peoples, and nations, and between the leaders and governments of our two countries—the PRC and the Kingdom of Cambodia. We decided to cooperate in all fields based on the ideals of friendship, fraternity, mutual trust, and mutual interest in defending our common ideals in the world.

Second, China—that is, the respected PRC—wants to honor me as a longstanding and faithful friend of nearly 40 years. In other words, because the Cambodian nation and people restored me as king of Cambodia, the PRC

wants to express its highest consideration to the Cambodian king to show that it supports the Cambodian king for his loyal service to the nation. This service will enable Cambodia to achieve all the noble [words indistinct] peace, independence, and territorial integrity.

Third, the PRC today—as in the past; since the 1950's and 1960's—wants to show its sincere desire to help Cambodia. It wants to help so that Cambodia can enjoy peace and prosperity through national reconstruction. The PRC has given Cambodia aid. When the two Cambodian prime ministers paid an official visit recently at the amiable invitation of H.E. Premier Li Peng, the PRC gave an additional sum of aid to the Cambodian nation. H.E. Jiang Zemin has said the PRC will continue to help us.

Finally is the knowledge that the Cambodian delegation and I... [pauses] Cambodia has learned from the overall prosperity the PRC has accomplished under the leadership of H.E. Chairman Deng Xiaoping, H.E. President Jiang Zemin, and the CPC. They have set a good example for the Third World—including Cambodia—on how to carry out reforms and modernization; how to make contact with the outside world; how to build and make the country prosperous; and especially how to make progress in the fields of the economy, industry, public works, justice, and so on. The progress the PRC has made over the past few years (?is an encouragement to) Cambodia and people around the world. It is a big lesson for us.

I was greatly encouraged by the leaders of the Chinese nation and people; that is, H.E. President Jiang Zemin, H.E. Premier Li Peng, and H.E. NPC [National People's Congress] Chairman Qiao Shi. They met with me and said on behalf of the PRC that they support (?King) Sihanouk in his efforts to seek a basis for building the nation and making it prosper quickly. That basis is peace; that basis is to achieve national reconciliation, solve national problems, end the war, institute a ceasefire, and settle all disputes and conflicts between the Royal Government of Cambodia and the Party of Democratic Kampuchea through peaceful means. We must only use peaceful means. Their excellencies the PRC leaders and I are of the same opinion and views; 100 percent. This is a great encouragement to me. I feel greatly encouraged by the PRC leaders, who share my view that this matter must be resolved quickly so that the time for national construction is not wasted. We must only use peaceful means. It is a [words indistinct] I highly value my intimate and fraternal conversations with H.E. President Jiang Zemin, H.E. Premier Li Peng, and H.E. NPC Chairman Qiao Shi. Thank you.

[(Li Bun)] [Question indistinct]

[Sihanouk] I think that this reply will be in accordance with the desire to know.

[(Li Bun)] Your Majesty, we at the international radio have enjoyed the support and encouragement of Your

Majesty and the Cambodian people. This has encouraged us to continue striving to serve the friendship between Cambodia and China.

[Sihanouk] I would like to take this auspicious occasion to express my respect, admiration, commendation, and gratitude to our Chinese brothers and sisters in the national radio, television, and press sectors who have given us immense support. This is because the PRC's radio, television, and press have genuine might and prestige in the national and international arenas. They have helped to disseminate information—not only inside great China but also in the international arena—on the Cambodian situation; developments, problems, and the efforts of the Cambodian people and nation toward national construction and defense. They have helped the international community come to know and understand us well. Therefore, I would like to express my heartfelt and deep respect, commendation, and gratitude to all our Chinese friends—brothers and sisters—who are members of the PRC's national radio, press, and television. Thank you.

[(Li Bun)] Thank you.

Jiang Zemin Condolences Suharto on Tidal Wave Losses

BK0906141294 Beijing China Radio International in Indonesian 0830 GMT 7 Jun 94

[Text] In the name of the Chinese Government and people as well as his own behalf, President Jiang Zemin has cabled Indonesian President Suharto to express his deep condolences to the people living on the East Java coast who were affected by tidal waves caused by earthquakes last Friday.

Jiang, Li, Qian Greet Philippine Independence Day

OW0906113394 Beijing XINHUA in English 1105 GMT 9 Jun 94

[Text] Manila, June 9 (XINHUA)—Chinese leaders have extended their congratulations to the Filipino people on the 96th anniversary of the independence of the Republic of the Philippines on June 12, expressing wishes that the country enjoys prosperity and its people well-being.

"We are glad to see that achievements have been newly obtained in the course of construction of the country by the Philippine Government and people," Chinese President Jiang Zemin and Premier Li Peng said in their letter dated June 8 to President Fidel Ramos.

The two Chinese leaders noted that China and the Philippines are close neighbors and the peoples of the two countries have been sharing a long-time and traditional friendship.

"For nineteen years since the establishment of diplomatic ties, the amicable relations and cooperation between our two countries have been greatly developed," the two leaders said.

"We are convinced that, with the joint efforts of both sides, Sino-Filipino friendly relations and cooperation will be much more magnificent and prosperous," they added.

In a separate letter to Foreign Affairs Secretary Roberto Romulo, Chinese Vice-Premier and Minister of Foreign Affairs Qian Qichen expressed wishes that "the traditional friendship between our two peoples as well as the friendly relations and cooperation between China and the Philippines be increasingly consolidated and developed."

Ramos Looks Forward To Closer Sino-Philippine Relations

OW0806125494 Beijing XINHUA in English 1141 GMT 8 Jun 94

[Text] Manila, June 8 (XINHUA)—President Fidel Ramos said today his government looks forward to not just maintaining but intensifying the friendly relations between the Philippines and China.

The president made the remarks on the occasion of the celebration of the 19th anniversary of the establishment of formal diplomatic relations between the two countries on June 9.

"We indeed have enjoyed a very very good relations with China," the president told a visiting Chinese journalist delegation at his weekly press conference.

The president said the increasing interaction between China and the Philippines is evidenced not only by the numerous trade missions from both countries that exchange visits but also by the frequent contacts of high-ranking officials of the two governments.

Noting that now "China is the fastest growing economy" in the world, the president expressed the hope to further enhance the bilateral relations, particularly in the field of economic cooperation.

In a separate statement, the president, on behalf of the Filipino people, expressed "sincerest sympathies" for the 160 lives lost due to the plane crash last Monday [6 June].

Near East & South Asia

Wen Jiabao Meets Indian Communist Party Visitors

OW0906132094 Beijing XINHUA in English 1246 GMT 9 Jun 94

[Text] Beijing, June 9 (XINHUA)—Wen Jiabao, an alternate member of the Political Bureau of the Communist Party of China (CPC) Central Committee, met a

delegation from the Communist Party of India (Marxist) headed by Harkishan Singh Surjeet, general secretary of the party here this afternoon.

During the meeting, Wen, who is also a member of the secretariat of the CPC Central Committee, said that the frequent exchanges of visits between the two parties in recent years are conducive to the promotion of friendship and understanding between the two parties and countries.

Wen praised the Indian Communist Party (Marxist) for its contributions to Sino-Indian friendship.

Surjeet spoke highly of China's achievements in revolution and construction.

The visitors arrived here on Wednesday [8 June] as the CPC's guests. Li Shuzheng, head of the International Liaison Department of the CPC Central Committee, held talks with the delegation earlier today.

One Chinese, Two Iranians Kidnapped in South Iran

OW0506130594 Beijing XINHUA in English 1234 GMT 5 Jun 94

[Text] Tehran, June 5 (XINHUA)—One Chinese and two Iranians were kidnapped by unidentified gunmen in southern Iran Friday [3 June], according to Iranian authorities here today.

Fu Weixian, a Chinese specialist working for a mineral factory, was abducted by armed men along with his driver and another Iranian accompanying him.

Tourism Agreement Signed With Israeli Minister

TA0906160394 Tel Aviv HA'ARETZ in Hebrew 9 Jun 94 p C2

[Report by Ilan Shehori]

[Text] Yesterday in Beijing, China and Israel signed a cooperation agreement on tourism. The agreement was signed by the tourism ministers of both countries. The two men decided on ways for both countries to cooperate and agreed to exchange information and personnel.

According to the cooperation agreement between Israel and China, a committee to discuss cooperation efforts and joint working plans will be established. The committee will meet alternately in Beijing and Jerusalem. Israeli Tourism Minister 'Uzi Bar'am said that he hopes to witness a significant increase in tourism between the two countries.

Bar'am arrived in China after a week-long tour of Japan and South Korea. He was accompanied by Eli Gonen, the director general of the Tourism Ministry and Shmuel Tzur'el, assistant director general of tourism marketing.

In Japan, Bar'am met with senior tourism officials, including the president of the travel agents association, who promised to augment interest in tourism to Israel among Japanese tourist agents. The president of the Japanese travel agent association will head a delegation of 500 tourist agents to Israel this summer.

In South Korea, Bar'am met with senior aviation officials, who asked him to help expedite the signing of an aviation agreement between their country and Israel. The South Koreans asserted that thousands of South Korean pilgrims do not visit Israel because there are no direct flights. The officials implied that senior managers at El Al were not making any efforts to get the agreement signed.

Vice Foreign Minister Tian Zengpei Ends Syrian Visit

OW0606192894 Beijing XINHUA in English 1911 GMT 6 Jun 94

[Text] Damascus, June 6 (XINHUA)—Chinese Vice Foreign Minister Tian Zengpei said today that China supports all efforts for solving the Middle East issue on the basis of U.N. Security Resolutions 242 and 338.

Tian, who ended his visit to Syria today, told reporters at Damascus International Airport that China backs the restoration to the Palestinian people of their legitimate rights and the recovery of the occupied Arab lands.

The Chinese official praised Syria's efforts for solving the issue of the Golan Heights, which have been occupied by Israel since 1967, through peaceful negotiations.

Tian expressed his satisfaction at the results of his talks with Syrian leaders. During his four-day visit, Tian met with Syrian President Hafiz al-Asad, held talks with Foreign Minister Faruq al-Shar' and his assistant Raslan Alloush [spelling of name as received] on the latest developments in the Middle East and other issues of common concern.

Tian said he has seen for himself the achievements made by the Syrian people under the leadership of President Al-Asad in developing the national economy and improving the living standard of the people.

The Chinese vice foreign minister arrived in Damascus on June 3.

New Ambassador to Syria Presents Credentials

OW1006023194 Beijing XINHUA Domestic Service in Chinese 0317 GMT 8 Jun 94

[Text] Damascus, 7 Jun (XINHUA)—New Chinese Ambassador Extraordinary and Plenipotentiary Li Qingyu [2621 3237 3768] presented his credentials to President al-Asad here this afternoon.

After accepting the credentials, Al-Asad and Li Qingyu had a cordial and friendly conversation. Al-Asad spoke highly of the friendly cooperative relations between

Syria and China and the deep friendship between the peoples of the two countries. He expressed the hope that bilateral friendly cooperation in all fields will be further strengthened and developed.

Li Qingyu said during his term of office, he will strive to further expand Sino-Syrian friendly relations.

Sub-Saharan Africa

Malagasy President Receives Credentials of Envoy

OW0806192394 Beijing XINHUA Domestic Service in Chinese 1339 GMT 7 Jun 94

[By reporter Zhao Jian (6392 0256)]

[Text] Antananarivo, 6 Jun (XINHUA)—Malagasy President Albert Zafy said here today that he will continue his efforts to develop friendly relations between Madagascar and China.

Zafy made the remarks when he received China's newly appointed lady ambassador Zhao Baozhen [6392 1405 3791]. He said: Since establishing diplomatic relations 20 years ago, Madagascar and China have always maintained close cooperation, with China giving Madagascar much help.

He said: The Malagasy and Chinese peoples have a profound traditional friendship. The two countries are identical or similar in many respects, and the two peoples are also close to each other in their feelings.

He believed that China plays a gigantic role in international affairs and was proud of having China as a friend.

Zhao Baozhen said: China attaches importance to developing relations with Third World countries, including Madagascar. China is willing to develop and strengthen friendship and cooperation with Madagascar based on the five principles of peaceful coexistence.

Zhao Baozhen arrived here on 2 June.

South African Analyst Urges Diplomatic Ties

OW0906140794 Beijing XINHUA in English 1344 GMT 9 Jun 94

[Text] Johannesburg, June 9 (XINHUA)—Greg Mills, director of studies at the South African Institute of International Affairs, said in an article published in 'THE STAR' here today that South Africa should sever ties with Taiwan and establish diplomatic relations with China.

After the first democratic elections in South Africa, it is not a matter of if, but when and how South Africa will sever ties with its trading partner Taiwan and establish diplomatic relations with China, Greg Mills said.

The article said South Africa's ties with Taiwan began in 1977 when Pretoria sought new allies and trading partners in the wake of the Soweto uprisings and the United Nations arms embargo.

The article said: 'In the throes of its own deepening isolation, Taiwan, on the other hand, saw the opportunity as providing a further anti-communist ally as well as an expansion of trade.'

'South Africa's trade with China grew by 170 percent between 1992-93, and it is expected to double again this year. Also the People's Republic of China is alleged to have been one of the major gold buyers in recent times with about 25 percent of the world's total (population),' the article added.

'Simply put, given the political and economic realities of the situation, South Africa does not have any options.'

The article further stated dual recognition was a non-starter.

'The need to make alternative arrangements with Taiwan should not delay a decision on the central political issue. Any unnecessary delays or crude attempts to devise unique solutions will only temporarily avoid the inevitable and anger Beijing,' Greg Mills said.

Qian Qichen Receives Zairian Official

OW0206142194 Beijing XINHUA in English 1330 GMT 2 Jun 94

[Text] Beijing, June 2 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen today exchanged views with Ngbanda Nzambo Ko Atumba, special advisor for security affairs to Zairean President Mobutu Sese Seko, on bilateral friendly ties and African and other international issues of common concern.

Qian expressed his satisfaction with the smooth growth of bilateral ties, adding that China and Zaire enjoy a traditional friendship which he believed has stood the test of time.

He stressed that China places great importance on developing its ties with Zaire and intends to make concerted efforts together with Zaire to enhance bilateral cooperation in every field.

Qian said he appreciates and supports the efforts that Zaire has made in safeguarding its state independence and sovereignty and its stand opposing foreign interference, which speaks highly of Zaireans' efforts to overcome difficulties and resume national stability.

He noted that Zaire is an important country in Africa and its stability and development will be of great importance to Central Africa and the whole continent.

Qian pointed out that dramatic changes in the international situation has brought many new difficulties and problems to Africa.

Meanwhile, he said, they also stimulate the African people's new awakening.

Qian noted that more and more African countries have come to realize that their common aspirations are to oppose foreign interference, safeguard political stability and seek economic development.

He said it is of great importance for African countries and other developing countries to strengthen unity and cooperation.

The Chinese Government supports African countries' efforts toward the realization of peace and development on the continent.

Qian asked Ngbanda to convey the Chinese leaders' greetings to Zairean President Mobutu Sese Seko.

During the meeting Ngbanda conveyed a letter from President Mobutu to Chinese President Jiang Zemin, adding that Zaire and China have a very good relationship and that it is his hope that such ties will grow in a wide range of areas.

Wang Changyi, Chinese assistant foreign minister, attended the meeting.

Ngbanda and his party arrived here on June 1 as guests of the Chinese Ministry of Foreign Affairs.

This morning both Wang and Ngbanda held talks here.

Besides Beijing, Ngbanda and his party will also travel to Jiangsu Province and Shenzhen city in southern China.

West Europe

Britain Asks EU To Lift Sanctions on Toys From China

HK1006061694 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1156 GMT 9 Jun 94

[Text] Hong Kong, 9 Jun (ZHONGGUO TONGXUN SHE)—Britain already has filed a lawsuit at the EU Trade Court, calling for lifting the sanctions involving the imposition of quotas on toys from China.

An official of the British Ministry of Trade and Industry said in Hong Kong: Many British toy importers have suffered losses since the EU ministerial meeting in last February decided to impose import quotas on China's toy products, and some of them have come close to bankruptcy. Similar situations also have arisen in other European countries.

The "European Toy Manufacturers' Association" pointed out: The EU quota imposed on toys from China already has limited the amount of this kind of imports to 1.8 billion ECUs this year, which is merely half of the originally expected import volume. This will drive at least 500 people in the European region out of employment, whereas many European toy manufacturers

importing finished toy products and spares from China will be hit by a drop in profits and sales.

According to the British Ministry of Trade and Industry, this kind of all-round import quota restriction, which encompasses the whole European region, is really unnecessary since it is Spain alone that has opposed the import of toys from China and has sought protection for its own toy industry.

At present, with the exception of Britain, some other European countries also have pointed out that these sanctions are unjustifiable. These European countries, which are suffering losses, already have started working through legal channels to urge the EU to change its decision and lift the sanctions.

Bank of China Issues Bonds in Frankfurt Capital Market

OW0906131094 Beijing XINHUA in English 1300 GMT 9 Jun 94

[Text] Beijing, June 9 (XINHUA)—The Bank of China (BOC) issued bonds worth 300 million Deutsche mark recently in the Frankfurt international capital market in Germany.

The five-year bonds carry an interest rate of 7.125 percent, and were sold to underwriters at a price 101.425 percent of the face value, a BOC spokesman said.

It was the third time since 1988 for the BOC to issue Deutsche mark-denominated bonds in international financial markets.

The BOC spokesman said that the fact that the interest rate of the Deutsche mark hit its record lowest point had been conducive to the bond issue.

The Commercial Bank of Germany served as the lead manager for BOC, and the underwriting group consisted of 29 banks and securities companies from Europe, Japan and the U.S.A.

The BOC has floated bonds in foreign currencies three times so far this year: once each in the U.S., Japan and Germany, netting capital totalling 830 million U.S. dollars.

Guangdong Secretary Views Guangdong-German Relations

HK0806145894 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 31 May 94

[Text] Xie Fei, CPC Central Committee Political Bureau member and Guangdong Provincial CPC Committee secretary, wound up a fruitful visit to Germany last week.

This reporter interviewed Comrade Xie Fei over the telephone on Guangdong-German economic cooperation prospects.

After winding up a fruitful visit to Germany and Denmark, the Guangdong Provincial Economic Investigation Delegation headed by Xie Fei, arrived back in Guangzhou last week.

In Germany, German Chancellor Helmut Kohl, who had invited Comrade Xie Fei to visit Germany, held a banquet in honor of Comrade Xie Fei and his entourage in Bonn. The two sides held cordial talks on expanding friendly relations of cooperation between China and Germany, especially between Guangdong and Germany.

In Germany, Comrade Xie Fei and his entourage had extensive contacts with personages from Germany's industrial, commercial, and banking circles, and held talks with entrepreneurs and financiers from the German Industrial and Economic Federation, Berlin Industrial and Commercial Federation, and Bremen Industrial and Commercial Federation and with chief executives of Germany's (BAOMA) Joint-Stock Company, Siemens Company, and (JINMAKE) Company. Comrade Xie Fei briefed German friends on Guangdong's economic development, investment environment, and projects awaiting foreign investment. Comrade Xie Fei also held conscientious trade talks with the German friends.

People of all walks of life in Germany expressed profound appreciation of as well as interest in the excellent economic cooperation opportunities offered by Guangdong.

After the Guangdong delegation returned to Guangzhou from Germany, this reporter interviewed Comrade Xie Fei on what Guangdong should do to expand economic cooperation with Germany.

During the interview, Comrade Xie Fei told this reporter: Germany's advanced science, technology, managerial expertise, as well as high economic efficiency are useful to Guangdong's modernization drive. Guangdong should, in the years ahead, strive to expand economic cooperation with Germany in four main areas.

[Begin Xie Fei recording] We should expand economic cooperation with Germany in light of Guangdong's actual conditions. To this end, first and foremost, we should expand Guangdong-German economic cooperation in a number of selected areas, such as enterprise management, communications, telecommunication, environmental protection, and so on, in which Germany has excelled. We should also set up more joint venture enterprises with Germany and invite more capital from Germany. Second, we should study and draw on Germany's advanced capital construction experiences with an eye to upgrading Guangdong's capital construction and large-scale modern production. To this end, we should send more personnel to Germany to learn relevant expertise. I believe that we will be able to learn a great deal from Germany in many areas. Third, we should forge closer bilateral trade ties with Germany on the basis of enhanced mutual understanding, hold more trade promotion fairs, and carry out more similar activities in Germany to make it more convenient for the

German businesspeople and entrepreneurs to come to and invest in Guangdong. Germany has a large number of small and medium-sized enterprises engaging in modern production. These German enterprises have expressed profound interest in investing in Guangdong. We should try to provide German entrepreneurs with more and better services and sufficient information in this regard, and invite them to come to have a look at Guangdong's investment environment with their own eyes. Fourth, we should provide more cooperation projects for and hold more trade talks with the German business community and expand cooperation with German financial and banking circles. Germany has agreed to provide more loans on preferential terms to help Guangdong build environmental protection projects. I can foresee great potential in this area of bilateral cooperation. We should strive to improve work in this connection. In a nutshell, in my view, it is all the more necessary for Guangdong to expand cooperation with and learn more from Germany, as well as other advanced countries in the world. We should strive to expand pluralistic opening up to the outside world and make redoubled efforts to step up economic cooperation in depth and breadth with all advanced countries in the world. Only by so doing will we finally optimize Guangdong's industrial structure. I'm full of confidence about the Guangdong-Germany economic cooperation.

Last year, Chancellor Helmut Kohl visited Guangdong, at which time we discussed a host of trade and cooperation issues. I believe that we should take last year's visit to Guangdong as a point of departure and strive to make every possible endeavor to push forward bilateral trade and cooperation. Since last year, Guangdong has sent many a delegation to Germany and forged extensive ties with the German business community. The recent visit to Germany has undoubtedly enhanced our confidence in the Guangdong-Germany cooperation in the years ahead. [end recording]

Maltese Premier Visits Officials, Sites

Jiang Zemin Meets Adami

OW0806191394 Beijing XINHUA Domestic Service in Chinese 1232 GMT 7 Jun 94

[By reporter Feng Xiuju (7458 4423 5468)]

[Text] Beijing, 7 Jun (XINHUA)—When meeting Maltese Prime Minister Eddie Fenech Adami at Zhongnanhai this afternoon, President Jiang Zemin expressed his belief that there are bright prospects for Sino-Maltese friendly cooperation through joint efforts of the two sides.

Jiang Zemin said: Relations between China and Malta are good. "We are very pleased to note that since China and Malta established ties in 1972, the two countries have strengthened cooperation and attained fruitful progress in various fields on the basis of mutual respect, equality, and mutual benefit."

He said: Frequent mutual visits between Chinese and Maltese leaders have maintained good developmental momentum in bilateral political relations. The two countries share many common viewpoints on many major international issues and have cooperated very well in international affairs.

He said: Sino-Maltese economic and trade cooperation and exchanges have been very fruitful, and the two sides are actively exploring specific channels for further economic and trade cooperation on the basis of equality and mutual benefit. "It has been proven by facts that countries, whether big or small and whether sharing similar social systems or not, may coexist in a friendly manner as well as forge mutual and beneficial cooperation as long as the two countries adopt the spirit of seeking common ground while reserving differences and the spirit of mutual respect."

Jiang Zemin stressed: "We are satisfied with the development of relations between the two countries, and we believe that there are bright prospects for Sino-Maltese friendly cooperation through joint efforts of the two sides."

Speaking about his impression of his visit to China, Prime Minister Adami said that he is deeply impressed with China's tremendous achievements in economic construction. He said: Maltese-Chinese relations have maintained good and fruitful cooperation for many years. He deeply believed that his visit would further consolidate these relations.

During the meeting, Adami conveyed President Bonnici's greetings and invitation to visit Malta to President Jiang Zemin. Jiang Zemin thanked him and asked Prime Minister Adami to convey his greetings to President Bonnici.

The guests and hosts also exchanged opinions on issues of common concern during the meeting, which was held in a friendly atmosphere.

Participants in the meeting included Zhao Weizhi, vice chairman of the Jiusan (September 3) Society Central Committee; Shi Guangsheng, chairman of the Chinese Government Reception Committee and vice minister of foreign trade and economic cooperation; and Vice Foreign Minister Jiang Enzhu.

Premier Holds News Conference

OW0806125994 Beijing XINHUA in English 1141 GMT 8 Jun 94

[Text] Beijing, June 8 (XINHUA)—Visiting Maltese Prime Minister Eddie Fenech Adami today expressed "a sense of satisfaction" with his meetings with Chinese leaders to exchange views on fruitful Malta-China ties over the past 20 years.

He held a press conference here today before his departure for Xian, capital of Shaanxi Province, in the company of Shi Guangsheng, chairman of the Chinese Government Reception Committee and vice-minister of foreign trade and economic cooperation.

The prime minister said that, while in Beijing, he had a very cordial meeting with Chinese President Jiang Zemin.

He said that, during his talks with Chinese Premier Li Peng, they reviewed and discussed the international situation and Malta-China relations.

He added that the two sides agreed that there exist "prospects and possibilities of furthering bilateral cooperation."

The prime minister said that yesterday the two governments signed a memorandum of understanding on the establishment of aviation links. He said he hoped and believed that the two governments would conclude an air service agreement soon.

He said that during the visit Maltese Deputy Prime Minister and Minister of Foreign Affairs Guido de Marco and his Chinese counterpart Qian Qichen "had a long and very interesting exchange of views on the international situation."

This meeting has proved that there are many opportunities for political cooperation in the international field, he said.

He said he was convinced that his visit will "bring about a very positive enhancement" of bilateral cooperation.

Adami said that the fourth world conference on women to be held in Beijing next year will be a very important meeting.

He said that he explained to the host the situation in Malta and steps that the Maltese Government has taken over the past few years, including amendment of the constitution, which now provides for the exclusion of any form of discrimination.

On his impressions of his China visit, Adami said that since his first visit to China in 1978, tremendous achievements have been made in China's economic growth.

"China is very much on the move in its economic affairs," he said, adding: "in terms of GDP, it is very impressive."

Premier Visits Terracotta Army Museum

OW0906134794 Beijing XINHUA in English 1332
GMT 9 Jun 94

[Text] Xian, June 9 (XINHUA)—Maltese Prime Minister Eddie Fenech Adami and his party visited the museum of terracotta army formations here this morning.

The formations of the life-size terracotta horses and warriors unearthed from the tomb of China's first Emperor Qinshihuang impressed Adami as "unforgettable indeed."

The Maltese prime minister arrived here on Wednesday [8 June] afternoon from Beijing. Shaanxi provincial Governor Bai Qingcai met with the guests in the evening.

This afternoon, Adami and his party also toured the Dayan pagoda and Shaanxi history museum. They are scheduled to depart here for Shenzhen tomorrow morning.

Netherlands Bank Opens Branch in Shanghai

OW0806154094 Beijing XINHUA in English 1523
GMT 8 Jun 94

[Text] Shanghai, June 8 (XINHUA)—Abn. Amro Bank today became the first Dutch bank to open a branch in Shanghai, the leading economic center in China.

M.J. Drabbe, managing director of the Dutch bank, said that his bank planned to establish its China headquarters in Shanghai.

The bank would also open branches in Shenzhen, Guangdong Province, and other commercial cities in China. It currently has offices in Beijing and Guangzhou.

Drabbe said that the Shanghai branch had helped to raise 100 million U.S. dollars of loans for Shanghai and Liaoning and Jiangsu Provinces in the past eight months of trial operation.

"China's economy is growing at an astounding speed and Shanghai will become an international financial center. That is why our bank has decided to open a branch in Shanghai," he said at a ceremony to mark the opening of the branch.

Abn. Amro Bank has assets estimated at 258 billion U.S. dollars and has opened 1,800 branches in 60 countries so far. It is rated as the seventh largest bank in Europe and the 17th largest in the world.

Netherlands Foreign Minister Receives NPC Delegation

OW1006072694 Beijing XINHUA Domestic Service in Chinese 0324 GMT 8 Jun 94

[By reporter Kang Xinwen (1660 2450 2429)]

[Text] The Hague, 7 Jun (XINHUA)—Netherlands Foreign Minister Kooijmans met today with Zhou Jue, deputy director of the Foreign Affairs Committee of the National People's Congress [NPC] of China, and the NPC Foreign Affairs Committee delegation led by him. In a friendly and frank atmosphere, both sides exchanged views on Sino-Netherlands relations and other issues of common concern.

During the meeting, Kooijmans expressed satisfaction with the current friendly relations, especially trade and economic relations, between the two countries. He expressed his appreciation for the efforts made by the Chinese side to promote bilateral relations.

At the request of the Netherlands side, Zhou Jue briefed the foreign minister on China's current political and economic situation, as well as on the situation regarding reform and opening to the outside world. Zhou Jue indicated that China is willing to further expand trade and economic relations with the Netherlands on the basis of the principle of mutual benefit.

It has been learned that both sides also frankly exchanged views on human rights issues. Both sides agreed that dialogue on the basis of equality and mutual respect will help enhance bilateral understanding and friendship.

The Chinese delegation arrived in Holland on 6 June for three-day visit at the invitation of the Foreign Affairs Committee of the Second Chamber of Holland's parliament.

Shandong Secretary Signs Letters of Intention in Sweden

SK1006053394 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 9 Jun 94

[Text] To further consolidate and develop friendly and cooperative relations between the two sides, China's Shandong Province and Sweden's Sodermanland Province both signed three letters of intention in Vasteras on 8 June. Jiang Chunyun, member of the Political Bureau of the CPC Central Committee and secretary of the Shandong Provincial Party Committee, who was on a visit to Sweden, and (Yangude), governor of Sweden's Sodermanland Province, respectively signed the letters of intent.

One of the letter concerns the establishment of friendly relations between China's Shandong Province and Sweden's Sodermanland Province; the second letter concerns the building of environmental protection demonstration town in Weihai by Weihai city and Sodermanland Province on a cooperative basis, and the third letter concerns the organization of economic and technological cooperation between enterprises of Sodermanland and Shandong.

The Shandong friendship and economic delegation, led by Jiang Chunyun, arrived in Vasteras, the capital of Sodermanland Province, on 7 June, for a visit. On the morning of 8 June, Jiang Chunyun and (Yangude) held talks on related affairs. The delegation will wind up its visit to Sweden on 12 June.

Latin America & Caribbean

Wang Hanbin Meets Argentine Presidential Adviser

OW0606133194 Beijing XINHUA in English 1316 GMT 6 Jun 94

[Text] Beijing, June 6 (XINHUA)—Wang Hanbin, vice-chairman of the National People's Congress Standing Committee, met with Gerardo Jorge Schamis, advisor to the Argentine president on foreign affairs.

Wang had a friendly conversation with the advisor on developing bilateral relations between the two countries, economic ties and trade in particular, briefing him on China's latest economic situation.

Wu Bangguo, Delegation Arrives in Cuba

OW0706052894 Beijing XINHUA in English 0255 GMT 7 Jun 94

[Text] Havana, June 6 (XINHUA)—A Chinese Communist Party delegation, headed by Wu Bangguo, a member of the Politburo of the party Central Committee, arrived here today for a six-day official visit to Cuba.

At Havana Airport, Wu spoke highly of the traditional friendship between the ruling parties of the two countries and the two peoples.

He expressed the hope that his visit would enhance the mutual understanding and strengthen the friendly relations between China and Cuba.

Wu said that the Chinese delegation was keen to exchange views with leaders of the Cuban Communist Party on the situation in their respective countries and bilateral relations.

Castro Meets Wu Bangguo

OW0906085594 Beijing XINHUA in English 0830 GMT 9 Jun 94

[Text] Havana, June 8 (XINHUA)—Cuban President Fidel Castro Wednesday [8 June] met with a delegation of the Chinese Communist Party headed by Wu Bangguo, the party secretary of Shanghai.

Castro said he was happy about the development of friendship between Cuba and China, and highly evaluated the achievements made by the people of China in reform, opening to the outside world and economic construction.

Wu said China admired Cuba for its adherence to the road of socialism in difficult circumstances.

Peru's Fujimori Comments on Further Ties

OW0406054294 Beijing XINHUA in English 0453
GMT 4 Jun 94

[Text] Lima, June 3 (XINHUA)—Peruvian President Alberto Fujimori has said that cooperation between China and Peru has been effective and enjoys vast potentials for further development.

In an interview with XINHUA prior to his visit to China, Fujimori said that his forthcoming China tour will promote bilateral economic cooperation and exchanges and that relations between the two countries will be further strengthened.

Fujimori and his accompanying delegation left here early today for visits to Japan and China.

Fujimori's forthcoming China tour will be his third since he became Peruvian president in 1990. The previous two visits to China took place in April and November 1991.

Both visits have greatly promoted the development of relations between the two countries, particularly bilateral cooperation and trade, the president said.

China has provided a lot of assistance to Peru which also purchased from China farm machinery and teaching equipment, thus meeting the needs of its agricultural and educational sectors, he said.

He noted that there exist vast potentials yet to be tapped in cooperation in these two fields.

With his third visit to China, the two countries will have wider cooperation and more exchanges on a much larger scale, the president said.

As the economies of the two countries continue to develop and become mutually supplementary, bilateral trade will be further increased, he added.

The president appreciated China's policy of non-interference in other nation's internal affairs and its stands for international cooperation.

State Councillor Meets Peruvian Guests

OW0406091594 Beijing XINHUA in English 0844
GMT 4 Jun 94

[Text] Beijing, June 4 (XINHUA)—Chinese State Councillor Li Guixian met here today with Fernando Vega, minister of justice of Peru.

Vega and his party arrived here June 2 at the invitation of the Chinese Ministry of Supervision.

Li Guixian Meets Peruvian Justice Minister Vega

PY0606161094 Madrid EFE in Spanish 0944 GMT 4
Jun 94

[Text] Beijing, 4 Jun (EFE)—Diplomatic sources reported today that Peruvian Justice Minister Fernando

Vega arrived in Beijing on a six-day official visit less than one week before the arrival of Peruvian President Alberto Fujimori.

According to Peruvian diplomatic sources, Minister Vega, who arrived on 2 June in Beijing, came at the invitation of the Chinese Supervision Ministry.

Vega, who met State Councillor Li Guixian in Beijing today, will wait for Fujimori's arrival on 8 June to join the presidential delegation.

Peruvian President Arrives in Beijing on 4-Day Visit

OW0806152194 Beijing XINHUA in English 1508
GMT 8 Jun 94

[Text] Beijing, June 8 (XINHUA)—President Alberto Fujimori of the Republic of Peru arrived here by plane tonight for a four-day state visit to China at the invitation of Chinese President Jiang Zemin.

Among those greeting Fujimori and his party at the airport were Bao Xuding, chairman of the Chinese Government Reception Committee and vice-minister of machine-building industry, Vice-Foreign Minister Liu Huaqiu and Chinese Ambassador to Peru Chen Changjiu.

On hand was Peruvian Ambassador to China Jorge Gordillo.

Meets With Civil Aviation Officials

OW0906102094 Beijing XINHUA in English 0939
GMT 9 Jun 94

[Text] Beijing, June 9 (XINHUA)—President Alberto Fujimori of the Republic of Peru called for better links with China's civil aviation and other industries here today.

In a meeting with Zhu Yuli, general manager of the Aviation Industries of China, and Liu Guomin, president of the China National Aero-Technology Import and Export Corporation (CATIC), Fujimori said that Peru and China have cooperated well in this field, adding that the nine Yun-12 transport planes Peru has imported from China have been placed into normal operations and seem fit for Peruvian conditions.

Both Fujimori and Zhu agreed that a still greater potential is yet to be developed in the civil aviation industry and other economic sectors.

An agreement was recently signed between CATIC and the relevant Peruvian department on CATIC providing 31 million U.S. dollars worth of road-building machinery to Peru develop its infrastructure construction.

Meets Jiang Zemin

OW0906144894 Beijing XINHUA in English 1432
GMT 9 Jun 94

[Text] Beijing, June 9 (XINHUA)—Relations between China and Peru have progressed so well that Peru has become China's fourth largest trade partner in Latin America.

This point was made by Chinese President Jiang Zemin when he had a two-hour talk here today with visiting Peruvian President Alberto Fujimori.

The two presidents pledged to push bilateral relations to a new height. After their talks, China gave Peru a 39.1 million U.S. dollar export credit.

Fujimori, who is here for a four-day state visit, previously visited China in April 1991, and in the same year paid a transit visit to Shenzhen in November.

Welcoming Fujimori, Jiang said: "We are happy to see the great achievements that the Peruvian Government and people have made in maintaining political stability and in promoting economic development, under your leadership."

Jiang said that China and Peru enjoy traditional friendship. In recent years, he said, that the frequent exchanges of high-level visits between the two countries have further enhanced bilateral understanding.

Jiang said that the friendly cooperative relations between the two countries in various areas have been developing smoothly in recent years, adding that bilateral trade volume has been increasing annually and now Peru has become China's No. 4 trade partner in Latin America.

Jiang, expressing satisfaction with bilateral economic and technological cooperation, said that China is willing to expand such mutually beneficial cooperation in different forms, and that it encourages Chinese enterprises to invest in Peru and Peruvian ones are also welcome in China.

Fujimori agreed with Jiang's views. He said that Chinese products were suitable for Peru, and that Peru would like to expand bilateral trade and wants to take in more Chinese technology and welcomes Chinese entrepreneurs to invest in Peru.

He thanked China for its assistance and the favored treatment China offers in bilateral trade.

Fujimori said that Peru values its relations with China—the only country to which he has paid two state visits.

Fujimori voiced support for China's entry into the Pan-American Development Bank, saying that China's entry will be conducive to trade cooperation between China, Peru and other Latin American countries.

After the talks, Chinese Vice-Premier and Foreign Minister Qian Qichen and Goldenberg Schreiber, president of Council of Ministers and minister of foreign affairs of Peru, signed two agreements: A Sino-Peruvian consular agreement and an agreement on encouragement and mutual protection of investment between China and Peru.

At the same ceremony, Wang Xuebing, president of the Bank of China, signed with Goldenburg an agreement for China to provide Peru with a 39.1 million U.S. dollar export credit.

Before the talks, Jiang presided over a ceremony welcoming Fujimori to visit China.

Li Peng Meets Peruvian President

OW1006144594 Beijing XINHUA in English 1419
GMT 10 Jun 94

[Text] Beijing, June 10 (XINHUA)—Chinese Premier Li Peng and visiting Peruvian President Alberto Fujimori here today pledged to further develop friendly relations of cooperation between the two countries.

During their meeting here this afternoon, both Li and Fujimori expressed satisfactions over the smooth development of Sino-Peruvian relations.

Li said that yesterday Fujimori and Chinese President Jiang Zemin had "very good talks and reached consensus on a series of issues." He believed that Fujimori's current visit would play a positive role in furthering Sino-Peruvian ties.

The economies of China and Peru are mutually complementary and their products are suitable to each other, Li said, therefore, the two countries enjoy great potential in developing bilateral trade relations on the basis of equality and mutual benefits.

The Chinese premier said that both China and Peru are developing countries and they share similar views on issues of human rights and democracy.

Li expressed thanks for Peru's support to China at world's human rights conferences. He also expressed appreciations of Peru's support for China's re-entry into GATT as a signatory state and for China's application to join in the Pan-American Development Bank.

"We are delighted to notice that the debt burden for Latin American countries has been eased up recently and that Peru's economy has been developing steadily," the premier said.

Li noted that exchanges between China and Latin American countries have been increasing year by year in politics, economy, and culture and they have the common aspiration to develop cooperation.

While recalling his last two visits to China, Fujimori said that his three visits to China have enhanced mutual understanding and promoted bilateral economic and trade relations.

Fujimori agreed to Li's view that the economies of the two countries are complementary to each other.

The Peruvian president said that Peru and China share similar views on many international issues, and both oppose interference in other nation's internal affairs by means of human rights and democracy.

He stressed that the common positions of the two countries on political issues serve as the foundation for the further development of bilateral economic and trade relations.

Fujimori Signs Agreements

*PY0906200594 Lima Radio Programas del Peru
Network in Spanish 1800 GMT 9 Jun 94*

[Text] President Fujimori discussed issues of bilateral cooperation with Chinese civil aviation officials after being officially welcomed by PRC President Jiang Zemin in Beijing today.

The meeting was attended by Zhu Yuli, general manager of the Aviation Industries of China, and Liu Guomin, president of the China National Aero-technology Import and Export Corporation.

Confiep [National Confederation of Private Business] President Arturo Woodman—speaking from Beijing—said Peru and China also signed an agreement to protect investments. He added that Peru obtained a credit of \$45 million to be invested in machinery and agriculture.

[Begin Woodman recording] Credit and investment protection agreements were signed by Peru and China today. Regarding the economic aspect, a credit agreement worth \$45 million was signed. It will be used basically for machinery and agriculture. We have also been unofficially informed that talks are being held to obtain another \$30 or \$45 million. It is interesting to note how much progress has been made. [end recording]

That was Confiep President Arturo Woodman who talked with Radio Programas from Beijing this morning.

Political & Social**Spokesman Says Deng Xiaoping 'in Good Health'***HK1006083094 Hong Kong AFP in English 0801 GMT 10 June 94*

[Text] Beijing, June 10 (AFP)—China's paramount leader Deng Xiaoping, who turns 90 in August, is "in good health," a foreign ministry spokesman said Friday.

Rumors running through the Hong Kong stock market Friday said the patriarch had died or was critically ill, sparking a 2.37-percent drop in stock prices on strong selling in the morning session to 8,972.59 points—its lowest level in a month.

The market recovered to a provisional 9,108.61 points at the close of trading Friday.

Deng has not been seen in public since February when he was shown on television during the Chinese New Year accompanied by two of his daughters. Since then, rumors about his health have persisted and are consistently denied by the government and his entourage.

On Wednesday, his daughter Deng Rong said her father "is not suffering any illness and is in good health."

Wei Jianxing Speaks on Anticorruption Campaign*OW0906140594 Beijing XINHUA in English 1350 GMT 9 Jun 94*

[Text] Beijing, June 9 (XINHUA)—Wei Jianxing, a senior leader of the Chinese Communist Party, said today that the current anti-corruption campaign will concentrate on major economic offences involving leading officials at and above the county magistrate level.

Addressing a national telephonic conference, Wei, secretary of the party Central Discipline Inspection Commission, also emphasized the need to halt all kinds of malpractices and corruption adversely affecting the progress of reforms, economic growth and stability.

According to the commission, 15,216 party and government officials were disciplined for economic offences during the first quarter of 1994.

These officials included 450 at county magistrate level, 35 at the prefectural commissioner's level and three at provincial or ministerial level.

Of the 15,216 officials, 1,416 were handed over to judicial departments for prosecution on criminal charges.

Wei Jianxing, a member of the Political Bureau of the party Central Committee, said that the current anti-corruption campaign should focus on major cases involving economic offences, such as embezzlement, bribery, financial frauds and violation of financial discipline.

"Leading departments of the party and government, judicial departments, administrative law-enforcement departments and economic administrative departments remain the main targets," he said.

As part of the anti-corruption campaign, he said, it was imperative to halt the malpractices of collecting illicit fees, making government-funded sight-seeing tours overseas and making improper personal material gains by abusing one's power.

Addresses National Conference*OW1006094294 Beijing XINHUA Domestic Service in Chinese 1118 GMT 9 Jun 94*

[By RENMIN RIBAO reporter Chen Weiwei (7115 4850 0251) and XINHUA reporter Hu Qinghai (5170 3237 3189)]

[Text] Beijing, 9 Jun (XINHUA)—The Central Discipline Inspection Commission and the Ministry of Supervision called a telephone conference of discipline inspection and supervision departments nationwide in Beijing today, calling for deepening the anticorruption drive and concentrating efforts to investigate and handle major and serious cases.

Wei Jianxing, member of the Political Bureau and the Secretariat and secretary of the Discipline Inspection Commission of the CPC Central Committee, addressed the conference. He said: Party committees and governments, as well as discipline inspection and supervision organs at all levels should continue to earnestly carry out the three tasks of the anticorruption drive in line with the party Central Committee's plans. Currently it is necessary to pay particular attention to intensifying investigation of major and serious economic offenses involving leading officials at and above the county and section levels. Meanwhile, it is necessary to halt all kinds of malpractice and corruption adversely affecting the progress of reforms, economic growth, and stability; and to strive to deepen the anticorruption drive and make it a still greater success.

According to statistics, in the first quarter of this year, discipline inspection and supervision organs nationwide received a total of 366,000 tips from the masses, completed the investigation of 14,718 cases, placed an additional 22,981 cases on file for investigation, and disciplined 15,216 party and government officials. These officials included 450 county or section-level, 35 prefectural or department-level, and 3 provincial or ministerial-level cadres. Of the 15,216 officials, 1,416 were handed over to judicial departments for prosecution on criminal charges. Through investigating and handling discipline violation cases, a total of 642 million yuan in economic losses were recovered for the state.

Wei Jianxing said: Despite some successes in the anti-corruption drive, there remain a number of problems which must not be overlooked, and which must be resolved by taking effective measures.

He emphasized: We must further strengthen the leadership over handling of cases and must conclude the investigation of a number of major cases within the next few months. He said: All localities and departments should work out plans and take action, concentrating attention on major cases involving economic offenses, such as embezzlement, bribery, financial frauds, smuggling, and serious violations of financial and economic discipline. Leading departments of the party and government, judicial departments, administrative law-enforcement departments, and economic administrative departments should remain the main targets; while investigation should be focused on major and serious economic offenses by leading cadres at and above the county and section levels.

He said: While investigating major and serious cases, it is also necessary to pay keen attention to the work related to leading cadres' honesty and self-discipline, and correction of style. As far as the work related to honesty and self-discipline is concerned, efforts should be concentrated on self-examination and correction by leading cadres. Where a department or locality has failed to convene a democratic meeting to examine leading cadres' honesty and self-discipline, it is necessary to promptly do so. Where such a meeting has been convened, it is necessary to report the meeting results as they really are to cadres and people at large, and to accept their evaluation and supervision. Problems which have been revealed during the self-examination or investigation should be promptly corrected and handled according to regulations. He said: The main targets of correction this year should be focused on screening of wanton collection of fees, investigating use of government funds to go on sight-seeing tours outside the country (territory), and checking power abuse by party and government organs and their functionaries in using enterprise money and materials free of charge, and halting salient malpractice in various departments, trades, and professions.

Meanwhile, he emphasized: We should coordinate various forces to review progress of the anticorruption drive and earnestly supervise and inspect the implementation of the three tasks, especially the progress in investigating major and serious cases, thereby deepening the anticorruption drive.

State Councillor Li Guixian spoke on the need by various departments and governments at all levels to step up efforts to correct unhealthy practices in various trades and professions and promote the construction of clean government.

Responsible persons from the relevant departments attended the conference.

Report on Leaders' Activities 2-9 Jun

OW1006022294 Beijing Central Television Program One Network in Mandarin 1100 GMT 2 Jun 94

[Editorial Report] PRC media monitored by Okinawa Bureau carried the following reports on PRC Central leadership activities from 2 June to 9 June 1994. The source is noted in parentheses after each report.

Li Lanqing Marks Production of Dongfeng-Brand Vehicle—The Dongfeng Automobile Company assembled its 1.5 millionth vehicle on 31 May. Li Lanqing, member of the CPC Central Committee Political Bureau and vice premier of the State Council, attended a ceremony to mark the occasion. (Beijing Central Television Program One Network in Mandarin 1100 GMT 2 Jun 94)

Li Lanqing Attends Ceremony Marking Publication of Chart—"A Wall Chart on Contemporary Chinese Scientists" (zhong guo xian dai ke xue jia gua tu 0022 0948 3807 0108 4430 1331 2171 0956) was published recently. Vice Premier Li Lanqing attended and delivered a written speech at a ceremony marking its publication. Qian Sanqiang was among the eight scientists depicted on the chart. (Beijing Central People's Radio Network in Mandarin 2230 GMT 2 Jun 94)

Zou Jiahua Cables Expressway, Housing Projects—State Council Vice Premier Zou Jiahua cabled congratulatory messages for the opening of Wuhan's Tianhe Airport Expressway and the foundation stone-laying ceremony for the Changqing Housing Estate on 3 June. Wang Zhaoguo, vice chairman of the National Committee of the Chinese People's Political Consultative Conference, attended both ceremonies. (Beijing XINHUA Domestic Service in Chinese 0948 GMT 3 Jun 94)

Li Tieying, Chi Haotian, Li Desheng at Skater's Retirement Party—A soiree was held at the Capital Stadium in Beijing on the evening of 5 June to mark the retirement of Chinese Olympic medalist and speed skater Ye Qiaobo after a 20-year career on the ice. "Li Tieying, CPC Central Committee Political Bureau member and state councillor; Chi Haotian, state councillor and defense minister; Wu Shaoyu, minister in charge of the State Physical Culture and Sports Commission; and Li Desheng, honorific chairman of the China Skaters' Association; joined over 10,000 people from all walks of life for the occasion." (Beijing XINHUA Domestic Service in Chinese 1442 GMT 5 Jun 94)

Li Peng Inscribes for Publishing House—"The Higher Education Publishing House for publishing university, middle school, and technical college teaching materials, the first such publishing house created since the founding of New China, recently celebrated its 40th birthday by donating 100,000 copies of teaching materials to the old revolutionary base areas, areas inhabited by minority nationalities, frontier areas, and poor areas. Comrade Li Peng congratulated the publishing house by writing an inscription for it." (Beijing Central People's Radio Network in Mandarin 2230 GMT 7 Jun 94)

Jiang Zemin Extends Condolences on Death of Artist—China's noted drama artist Huang Zuolin died of illness recently in Shanghai at age 88. "General Secretary Jiang Zemin especially sent a telegram of condolence. Zhu Rongji, Ding Guangen, Wu Bangguo, Chen Pixian, Huang Ju, Liu Zhongde, and Gong Xinhua sent wreaths." (Beijing XINHUA Domestic Service in Chinese 1202 GMT 9 Jun 94)

Chen Xitong Attends Preparation for Games of Handicapped—A meeting of the executive committee, the technical committee and the medical committee of the Federation of Games for Handicapped of Far East and South Pacific Regions opened in Beijing on 7 June. Chen Xitong, honorary chairman of the Sixth Games for Handicapped of Far East and South Pacific Regions, attended the opening ceremony of the meeting. The Games will be held in Beijing from 4 to 10 September this year. On 6 June evening, Beijing Mayor Li Qiyang held a reception in honor of the committee members from various Far East and South Pacific countries and regions, and their wives. (Beijing XINHUA Domestic Service in Chinese 1255 GMT 7 Jun 94)

Jiang Zemin Accepts Credentials From New Envoys—"President Jiang Zemin accepted the credentials presented by the new ambassadors to China of Congo, Papua New Guinea, Turkey, Chile and Peru in the Great Hall of the People this morning." (Beijing Central People's Radio Network in Mandarin 1030 GMT 7 Jun 94)

Major Reshuffle Forecast for Foreign Ministry

HK1006062794 Hong Kong SING TAO JIH PAO in Chinese 10 Jun 94 p 2

[**"Exclusive News": "Qian Qichen Reportedly To Resign March Next Year, His Post To Be Taken Over by Luo Gan"**]

[Text] According to well-informed sources in Beijing, the Chinese top leadership is preparing major personnel changes in the Ministry of Foreign Affairs. Current Foreign Minister Qian Qichen may resign from the office in March next year and Luo Gan, current secretary general of the State Council, may take over the post. It is also said that Wu Jianmin, current director of the Foreign Ministry Information Department, will be transferred to the Netherlands and named Chinese ambassador to that country. Chen Jian, China's deputy representative to the United Nations, may take over Wu Jianmin's current post.

The informed sources in Beijing said that Luo Gan has recently appeared on more diplomatic occasions and that this was irrelevant to his current duties as secretary general of the State Council. Therefore, it is believed that the central leadership is making preparations for transferring him to the foreign ministry.

However, diplomatic circles in Beijing are doubtful about the appointment of Luo Gan as foreign minister. An official who has good knowledge about the operation

of China's foreign affairs system said that Luo Gan is Premier Li Peng's right-hand man, but Luo has no foreign affairs experience. It will be difficult to convince people if he is named foreign minister.

He said: At present, in the State Council, Li Peng takes charge of foreign affairs. The rumor about the transfer of Luo Gan to the Foreign Ministry may be related to Li Peng's intention to strengthen his control over the ministry. As Zhu Rongji is now in charge of economic affairs in the State Council, it is normal that Li Peng wants to designate his own right-hand man to control the Foreign Ministry.

Qian Qichen, who is now rumored to resign from office, is 66 years of age. He was born in Jiading, Jiangsu (now in Shanghai). He was a second secretary at the Chinese embassy in the Soviet Union in 1955 and then in succession became director of the Education Ministry Student Affairs Section, deputy director of the Education Ministry Foreign Affairs Department, counsellor at the Chinese embassy in the Soviet Union, ambassador to Guinea and Guinea-Bissau, director of the Foreign Ministry Information Department, and vice minister of foreign affairs. In 1988, he became foreign minister and in 1991, he became state councillor and concurrently foreign minister. Inside the CPC, he was elected alternate member of the 12th CPC Central Committee and became full member of the Central Committee at the party's national conference of party delegates; at the 13th party congress, he was again elected a member of the Central Committee; and at the 14th party congress, he was elected a member of the Central Committee Political Bureau.

Luo Gan, 59, was born in Jinan, Shandong. He was a research group leader in the First Ministry of Machine-Building Industry Machinery Research Institute in 1960 and then successively became deputy director of the Machinery Science Research Institute in Zhengzhou City, deputy director of the Henan Provincial Import and Export Management Commission, director of the Henan Provincial Science and Technology Commission, vice governor of Henan Province, and secretary of the Henan Provincial CPC Committee. He was then appointed minister of labor in 1988 and secretary general of the State Council in the same year. He was vice chairman and a member of the secretariat of the 10th National Federation of Trade Unions and deputy chairman of the Executive Council of the Foundry Branch of the Chinese Mechanical Engineering Society. At the 12th CPC National Congress, he was elected alternate member of the Central Committee; at the 13th and 14th party congresses, he was elected a member of the Central Committee.

Wu Jianmin, 55, was born in Chongqing, Sichuan. After graduating from Number Two Middle School, Nanjing, in 1955, he studied in the French Language Department of the Beijing Foreign Languages College. In 1961, he was sent by the Communist Youth League Central Committee to Budapest as a French interpreter for the

Chinese representative to the World Democratic Youth Federation. He returned to China in 1965. In his 30-year diplomatic career he worked in the UN headquarters for about 10 years and with the Chinese delegation to the United Nations on two occasions. He first worked there in the early 1970's as third secretary and second secretary and was responsible for Middle East and Southern African affairs.

In 1979, Wu Jianmin was transferred to the Chinese People's Institute of Foreign Affairs and took charge of European affairs and protocol affairs. Four years after that, he returned to the foreign ministry and worked with the political research group. On 21 March 1991, Wu Jianmin appeared for the first time in his capacity as spokesman at a routine foreign ministry news briefing, which was held in the Beijing International Club.

Wu Jianmin's wife Shi Yanhua is currently director of the translation office in the foreign ministry. She graduated from the English Department of Beijing Foreign Languages College and was assigned to work with the foreign ministry education department translation section on graduation. Between the late 1970's and the early 1980's, Shi Yanhua was Deng Xiaoping's interpreter at almost all meetings with important U.S. officials.

Profile of Vice President Rong Yiren

HK1006113094 Hong Kong TA KUNG PAO in Chinese
8 Jun 94 p 37

[Article by Hsiao Hsueh (5618 7185): "From Tycoon to the Vice President of the State—Story of Rong Yiren's Political Career"]

[Text] Rong Yiren is simply a concise modern history of China.

By the middle of this century, the Rong family had more than 20 cotton mills, dyeing factories, and flour mills, and was the "richest" in national industry and commerce. Foreign media called the Rong family the "Rockefellers" of China.

The Rong family originally became from Wuxi in eastern China. Of the Rong family, Mr. Rong Desheng and Mr. Rong Zongjing were enterprise pioneers. Rong Desheng was the father of Rong Yiren. In February 1896, the Rong brothers set up the Guangsheng Private Bank at Shanghai's Xiongheng Wharf with a capital of 3,000 yuan. In their business, they were prudent with every word and action, and went about things steadily. This has continued in the Rong family and has become the key to their devotion to and the success of their enterprise.

The time the Rong family really made a fortune was when they began the flour business and the textile business.

In 1902, the Baoxing Flour Mill, the first enterprise in which the Rong brothers invested, began business.

Despite difficulties, they finally set up 12 flour mills under the names of Maoxin and Fuxin, and 10 cotton mills under the name of Shenxin, as well as their largest industry—the Kaiyuan Machine Factory—thus supporting the national industry and commerce in completely devastated old China.

Unexpectedly, the war against the Japanese broke out. After taking Shanghai, the Japanese aggressors broke into wanton massacre and looting. The Rongs' enterprises were mostly ruined, looted, and occupied. Mr. Rong Zongjing was so infuriated at this that he had a relapse and died in Hong Kong in 1938. Mr. Rong Desheng then took over the Rong family's business in Shanghai.

The worst blow to the Rong family was the "kidnapping of Rong Desheng" in 1946. Some comments held that the most noted kidnapping in modern world history was the kidnapping and murder of the son of the American pilot hero Lindbergh. In modern Chinese history, however, the most noted kidnapping was that of the Shanghai tycoon Rong Desheng in 1946.

Rong Desheng, born in 1875, was the father of Rong Yiren. He was already 71 when kidnapped. He was locked up by kidnappers for 34 days. The kidnappers demanded a ransom of \$1 million, but they finally agreed to \$500,000. In those days, \$500,000 was somewhere between \$5 million and \$7 million today.

Following the incident, the entire Rong family was anxious, not knowing who might be the next to encounter misfortune in a time and a world where there was no difference between policemen and criminals. In order to avoid another misfortune, Rong Yiren went to study in the United States, yet he lived in constant fear.

On the eve of liberation, many capitalists in Shanghai left. Rong Yiren and his father also felt extremely confused. They had very little understanding of the Communist Party and the Liberation Army, though they had heard many rumors about them. Rong Desheng told Rong Yiren that whatever might happen he would never leave and that he wished to spend his remaining years in his home town.

As his father had decided not to leave, Rong Yiren became increasingly hesitant, at a loss for what to do. Seeing this, his wife, Yang Jianqing, asked someone to rent an apartment for them in Hong Kong so they could move to Hong Kong in case of "emergency."

Nonetheless, Rong Yiren and his father did not leave in the end. Rong Desheng thought to himself that China was, after all, good for the Chinese. Rong Yiren thought: The communists at their worst could be no worse than the Kuomintang [KMT]! As they hesitated, Shanghai was liberated.

Invited to Beijing To Discuss the Tax Reform Issue, Rong Yiren Boldly Says: "It Is You Who Invited Me. I Can Remain Absolutely Silent If You Don't Want Me To Say Anything."

Rong Yiren recalled, saying: "On 25 May 1949, the Liberation Army entered Shanghai. I was 33 then. I remember that I drove a car on the street and saw PLA soldiers lying on the sides of the street and not disturbing anyone at all. My car pulled up and a PLA soldier told me, with a polite and honest attitude, not to cross over because fighting was still going on up ahead and it was not safe. That was the first time I had met a PLA soldier, and he was completely different from a KMT soldier.

"In early June, the city's military control meeting asked me to go over for a meeting," recalled Rong Yiren. "At the meeting, I met Chen Yi, Zeng Shan, Pan Hannian, and other leaders. That day, when Sheng Kangnian and Jin Oubu saw me, they introduced Comrade Xu Dixin to me. Comrade Chen Yi announced that the party's policy was to allow industrialists and businessmen to restore their businesses without worry. He said that they should continue their factory and shop operations, and that if they had difficulties, they could go and ask for help from the party and the government. He also said that the party and the government meant what they said. As I heard this, I thought to myself that this was a good policy. Although I doubted whether the government could resolve problems, I felt that I had to continue my business anyway and that I would not care until it was in trouble. Therefore, I went back to the company and arranged for the restoration of work."

"Between April and May 1950, Beijing called a national work conference on the tax issue. Industrialists and businessmen were invited to send representatives to it. I headed for the conference. Industrialists and businessmen had never been invited to a meeting on the tax issue before. Central leaders Comrade Chen Yun (then Financial Committee director) and Bo Yibo (then Finance Minister) presided over the meeting. At the meeting, I expressed the opinion of industrialists and businessmen regarding the questions of taxation and of readjusting tax rates. I was young then and said too much. A tax bureau head told me that I said too much! I retorted: "It is you who invited me. I can remain absolutely silent if you don't want me to say anything." The atmosphere suddenly got tense. Comrade Bo Yibo said: "We have invited industrialists and businessmen to express their views. It is not right if we don't let them say anything." He asked me to keep my temper. Gu Huai, director of the Shanghai Tax Bureau, told me later that after hearing my words, the party held an overnight meeting and made criticisms and that they could not go to sleep. I knew from this that the party really sincerely solicited views from us businessmen, attached great importance to and seriously considered our views, and that they were realistic and acted on good choices—all for reviving the national economy."

In October 1955, the National Alliance of Industrialists and Businessmen called a meeting of executive members. Rong Yiren came to Beijing to participate in it. Mao Zedong also came and presided over a discussion meeting in person. The meeting lasted approximately two hours in an earnest and sincere atmosphere. The "capitalists" said: "We must be a little more farsighted. We must not fear socialism. We must hold our fate in our hands and must not be perturbed." Mao Zedong then told the story of Xiao Guiying, a character in the Beijing opera theme the "Fisherman for the Revolution." He said: "Xiao Guiying went to join in the revolution, but he did not forget to lock his door because he feared that his pitchers and kettles would be stolen. Industrialists and businessmen are not like this. They must be a little more farsighted." That was the eve of the high tide of public-and-private cooperation in joint ventures throughout the country. Mao Zedong's sincere words gave lots of food for thought. He said: "If one really works for the people, really offers help the people, and does good things for them consistently when they are in difficulty, the people and the people's government will have no reason to desert him and no reason not to give him an opportunity to earn a living and to make contributions."

After the discussion meeting, Rong Yiren felt he was greatly inspired. On his return to Shanghai, he made a guarantee to the Shanghai People's Congress, saying: "I surely will invest in enterprises and purchase public bonds with the profits I have made to support the country's development."

Rong Yiren remained in Shanghai for a very long time following liberation, but the financial situation of this city could be reflected to Zhongnanhai almost every day. In January 1957, Shanghai called the first session of the Second People's Congress. Chen Yi, who had previously been the Shanghai mayor and now worked as vice premier of the State Council, went from Beijing to Shanghai and delivered a sensational speech.

Marshall Chen Yi said in a Sichuan accent: "Chairman Mao has trusted me with a special task on my Shanghai trip this time. He wants me to discuss with comrades in Shanghai so they can vote for Rong Yiren and elect him vice mayor."

Mao Zedong Praises Rong Yiren, Saying: "He Is Patriotic and Capable and Is Fitted for Important Tasks." Chen Yi Said: "As a Veteran Communist Party Member, I Will Campaign for This Red Capitalist."

In the eyes of Shanghai people, Chen Yi had a very lofty status as an old mayor. They had great respect and deference toward him. Chen Yi said: "Chairman Mao said Rong Yiren is the first of our country's national capitalists. Now the Rong family has handed over all their enterprises for cooperation with the state. This will have a very great influence at home. He is patriotic and capable, and is fitted for important tasks."

Chen Yi said wittily: "I must admit that Rong Yiren is one of my best friends. Today, I will campaign for this red capitalist." There followed a loud applause in audience.

Chen Yi added: "With his special status, he can play a role among the bourgeoisie at home and abroad which I, Chen Yi, cannot."

He told a story vividly: Several years ago, a big French capitalist came and visited Rong Yiren. After chatting with him, the French tycoon felt very happy. Chen Yi asked Rong what topics had made the Frenchman so happy. Rong Yiren said in a perplexed manner: Just some everyday topics like that my family lives very comfortably and does not fear racketeering or kidnapping, that we have found goals for our careers and education, and therefore we want to do more for the state and are ready to use the fixed interest on our earnings to set up one cotton mill a year. The foreign capitalist who had feared the Communist Party as much as a tiger changed his outlook on socialism.

At this point, Chen Yi asked everyone in a loud voice: "Do you think we should elect Rong Yiren vice mayor?" His words were immediately drowned by thundering applause. As a result, the people's congress resolved to elect Rong Yiren vice mayor of Shanghai."

In 1959, the central authorities made the decision that Rong Yiren be transferred to Beijing to act as vice minister of the Textile Industry Ministry of the Central People's Government.

The transfer should have been a good thing, but the Cultural Revolution soon began. "Talented capitalist roaders" like Rong Yiren were the first to become the targets of "dictatorship."

He and his wife were forced to clean the streets and had their property confiscated. Now the "big capitalist," who is nearly 1.85 meters tall, was forced to clean the streets and transport coal.

In the wake of the Cultural Revolution, people hoped that he would "settle accounts," but Rong Yiren only whispered: "It doesn't make any sense to settle old accounts."

Deng Xiaoping Said to Rong Yiren: You Are To Take Charge of Things, but Do Not Make the Enterprise a Bureaucratic One. The China International Trust and Investment Corporation's [CITIC] Businesses in 1993 Had Nearly 51 Billion Yuan in Assets

In 1979, Deng Xiaoping had Rong Yiren and several other former industrialists and businessmen come. They then explored questions regarding China's opening to the outside world. Deng Xiaoping asked Rong Yiren to put forward proposals on attracting foreign capital. He said to Rong Yiren: "You take the lead in setting up economic entities and in opening windows on the outside world. The choice of personnel is up to you. You are to

take charge of the business and things, but do not make the enterprise a bureaucratic one."

Returning home from the long and sincere talk, Rong Yiren fell into deep contemplation. Afterward, he really came up with "proposals." He suggested setting up an international trust and investment corporation in keeping with international practice. When the proposal reached Zhongnanhai, it immediately won the full support of Deng Xiaoping and other leaders. Soon afterward, CITIC, headed by Rong Yiren, was set up.

Later, CITIC made some world-renowned deals, such as taking over Hong Kong's Ka Wah Bank and investing in building Australia's Portland Aluminum Mill. CITIC has become a large "multinational corporation," which last year had over 51 billion yuan in assets and more than 200 enterprises.

CITIC's great achievements have made "Rong Yiren, the boss" known all over the world. The Asia Satellite Corporation's plan to purchase satellites from Houston in 1989 failed as a result of the sanctions of Western countries. Later, Rong Yiren helped in the matter and the purchase was concluded. In 1990, the Asiasat I was successfully launched in China's Xichang.

Rong Yiren is very "harsh" with his subordinates. Before making a decision, he lets everyone make good preparations and express their different views. Once a decision is made, it must be carried out resolutely and must not be defied.

His "precept," which has created the enterprise's prestige, is very "simple:" "Answer every letter and question." "Tell only the truth. Do whatever you can and, if you cannot do something, say so. When people think what you say is reasonable, they will understand you."

Different from others, he likes "defiant, yet resourceful" people. He thinks they often have the real expertise and learning and that they can do great jobs as long as they are guided properly.

In March 1993, he was elected PRC vice president at the Eighth People's Congress session.

He considers work the greatest fun in life. He has almost forgotten the hobbies of flower-growing and photography, which became his pastimes in his unoccupied moments during the Cultural Revolution. His only "amateur hobby" now is to watch television, especially soccer games. He can name, at one go, many of his favorite Chinese soccer players and remember all their team numbers.

Rong Yiren's wife, Yang Jianqing, was once a CPPCC delegate. She is a virtuous woman who supports his husband's career. In 1986, they marked their golden wedding anniversary. They have five children. The Rong family has over 400 relatives scattered all over the world, many of whom are celebrated figures of industrial and commercial circles, as well as scientific circles.

Press Control Efforts Reportedly Stepped Up

HK1006032094 Hong Kong SOUTH CHINA
MORNING POST in English 10 Jun 94 p 10

[By Willy Wo-lap Lam]

[Text] Chinese authorities have stepped up efforts to gag the domestic media as the concern about defusing social unrest becomes top priority. New orders for the Chinese press to avoid divulging state secrets and to steer clear of "sensitive" matters were given at an unpublicised conference on media discipline jointly held last month by the Communist Party's Propaganda Department and the State Bureau of Secrecy. Instructions have also been given to all ministries and departments to adopt precautionary measures in handling requests for information by media other than Xinhua (the New China News Agency). Informed sources said the conference on media discipline was called on the instructions of President and party General Secretary Jiang Zemin, who has for the past year taken a hard line on propaganda.

Speaking at the conclave, Vice-Chief of Propaganda Gong Xinhan called upon all media professionals and cadres to "do well the work of keeping state secrets. News and publication departments must take secrecy as a major item of discipline," said Mr Gong, a former propaganda official in Shanghai who is considered a protege of Mr Jiang. "The important thing is to take preventive measures and to provide journalists with the proper education about keeping state secrets. They (media workers) must also thoroughly study the regulations on secrecy." Mr Gong repeated earlier instructions by the Propaganda Department that the press must do its bit for the reform enterprise, and must refrain from "making disturbing sounds and spreading chaos".

Shen Hongying, director of the State Secrecy Bureau, exhorted journalists to strike a balance between normal news gathering and safeguarding state secrets. He called upon them to work together with their news sources, particularly government units, to observe laws and regulations on secrecy and to avoid disclosing state secrets through ignorance or negligence. "We must do a thorough self-examination concerning secrecy standards," sources quoted Mr Shen as saying. "Sample checks must be made (of the work of different media). No stone should be left unturned in efforts to plug leaks. Mistakes must be rectified as soon as they are discovered."

In the past two years, Beijing has passed a State Secrecy Law as well as a series of Regulations on Safeguarding Secrets in News and Publications. It is understood that units including the Propaganda Department, the News and Publication Administration, and the Ministry of Radio, Film and Television have conducted sessions of "criticism and self-criticism" on how well staff in media units have obeyed the strictures.

At the same time, the party General Office and the Propaganda Department have recently sent directives to party and government units asking them to be careful

when handling the domestic media. "As a general principle, government departments are discouraged from granting interviews or providing information to the media except Xinhua and, on specific occasions, senior media units such as the People's Daily" said a Beijing-based editor.

Norms of Professional Ethics of Journalists

OW1006110194 Beijing XINHUA Domestic Service in
Chinese 0410 GMT 9 Jun 94

["Norms of Professional Ethics of Chinese Journalists" adopted at the First Plenary Session of the Fourth Chinese Journalists Association in January 1991, amended by the Second Plenary Session of the Fourth Chinese Journalists Association in April 1994]

[Text] Beijing, 9 Jun (XINHUA)—"Norms of Professional Ethics of Chinese Journalists"

Chinese journalism is an important integral part of the socialist cause led by the CPC. Journalists must adapt themselves to the needs of the new situation; endeavor to publicize Marxism-Leninism-Mao Zedong Thought, and Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics; publicize the party and government's principles and policies; report news and disseminate information; reflect and guide public opinion; and give full play to its role as the ears, eyes, and mouthpiece of the party and the people. They must also promote the socialist market economy, socialist democracy and the legal system, and the socialist spiritual civilization; and must exert themselves in the struggle for accomplishing the grand goal of socialist modernization.

Journalists must be devoted to the cause of socialist journalism; uphold the party's basic line; adhere to the orientation of serving the people and socialism; emancipate their minds and seek truth from facts; carry forward the fine tradition and style of journalism of the party and the people; oppose money-worship, hedonism, and extreme individualism; and step up the cultivation of professional ethics.

I. Serving the People Wholeheartedly

To serve the people wholeheartedly is the fundamental goal of Chinese journalism.

Journalists, led by the party, should adhere to the correct direction in guiding public opinion, give play to their role as the bridge and link between the party and government and the masses, and persist in identifying their responsibilities toward the party and government with those toward the people.

They should endeavor to report the party and government's policies and views to the masses promptly, accurately, and thoroughly; to provide news and information in order for the masses to fulfill their duties as masters of the country, to take part in political, economic, cultural, and social life, and to keep abreast of what is happening

in the world; to laud the people's creativity and laborious achievements in socialist construction; and to correctly reflect the people's wishes, voices, and demands.

They should support correct ideas and actions that conform with the people's interests; dare to criticize and expose erroneous statements and actions, and negative and corrupt phenomena that contravene the people's interests; and actively bring into play the role of public opinion in exercising supervision.

They should carry out the mass work enthusiastically, maintaining close contacts with the masses, attaching importance to letters and visits from the people, properly handling their suggestions, criticisms, complaints, and crime-reporting letters and visits, and offering wide-ranging service activities for the people.

II. Taking Social Benefit as the Supreme Criterion

Journalists should correctly handle the relationship between social and economic benefits, giving top priority to social benefit, and achieving the unity between economic and social benefit under this basic premise. They should publicize patriotism, collectivism, and socialism through news, opinions, pictures, and audio and video products in order to mobilize and unite the Chinese people of all nationalities in dedicating themselves to the great undertaking of building up the motherland and rejuvenating the Chinese nation. They should adhere to the principle of positive publicity and hold themselves responsible to society and the masses, so as to help the expansion of productive forces of socialist society, the upholding of the four cardinal principles and the reform and opening up policy, the maintenance of social stability, and the enhancement of ideological and moral quality, and scientific and cultural standards of the entire Chinese nation. They should not advocate in news reports pornography, murder, violence, ignorance, superstitions, and other materials of vulgar taste to the detriment of the people's physical and mental health; and should foster forward-looking, healthy, civilized social practices.

They should strictly follow the government's policies toward ethnic minorities and religion in news reports, safeguarding national interests and unity, and maintaining and promoting the motherland's reunification.

III. Observing Laws and Discipline

Journalists should conduct themselves within the scope of the Constitution and other laws, conscientiously observing the Constitution, other laws, and the discipline for publicity.

They should steadfastly publicize and implement the party Central Committee's line, principles, and policies; they should not use the media in their control to publicize materials contrary to the party Central Committee's decisions.

They should safeguard the citizens' rights as stipulated in the Constitution; they should neither slander other people nor violate their privacy. They should gather news through legitimate means, and should respect the views and lawful demands of people they interview.

They should uphold judicial dignity. Before the court announces the verdict on a case heard by the judicial department, they should not carry biased reports to predetermine the nature or establish the crime of the case. Reports on cases heard publicly should conform with the judicial procedures.

They should keep party, state, military, scientific and technological, financial, and commercial secrets, and take care to protect the state's interests and security.

They should safeguard their legitimate rights and interests, as well as the rights to which they are entitled, including that of appeal.

IV. Safeguarding the Truthfulness of News

Truthfulness is the lifeblood of journalism. Journalists should seek truth from facts, go deep into the realities of life, go among the masses, and step up investigation and study. They may not make groundless accusations, imagine things, concoct stories, resort to deception, or distort facts for sensational effects.

They should make every effort to look at a matter from all sides; guard against subjectivity, one-sidedness, and the practice of viewing things in absolute terms; and strive to ensure the overall or essential truthfulness of things.

They should carry out work earnestly and responsibly, and avoid false reporting. In case of false reporting, they should assume responsibility on their own and take remedial measures.

V. Upholding the Principle of Objectivity and Fairness

Journalists should uphold dialectical and historical materialistic viewpoints, proceed from the people's fundamental interests, reflect things as they are, and ensure objectivity and fairness.

In covering events, writing news stories, or filing news items, they may not be driven by selfish individual or small-group interests, may not vent their personal anger through the media under their control, and may not file unfair reports.

They should implement the principle of "letting a hundred flowers blossom and a hundred schools of thought contend," respect scientific and practical approaches, and refrain from passing judgment at will or taking sides arbitrarily regarding controversial academic issues.

VI. Maintaining the Work Style of Performing Official Duties Honestly

Journalists should maintain and carry forward the fine tradition of hard work and plain living, conduct themselves honestly, exercise self-discipline, and conscientiously observe fiscal and economic discipline, as well as fiscal rules and regulations.

They should overcome unhealthy practices in their trade. They may not publish or carry various forms of "paid news stories," trade news stories or newspaper space, demand gifts in cash or in kind, or seek personal gain. They may not accept cash gifts or negotiable securities in any form from the areas, units, or individuals they report.

They should strictly distinguish journalistic affairs from operational matters. Reporters and editors may not engage in advertising or other operational activities in order to seek profit.

They should maintain an industrious and thrifty work style. They may not make special demands on the areas or units they cover for material comforts or treatment accorded them.

VII. Displaying the Spirit of Unity and Cooperation

Giving scope to overall superiority through unity and cooperation is a major distinctive feature of socialist journalistic work. Journalists should be modest and eager to learn from the public, through practice, and from their colleagues. Fellow journalists should foster a relationship based on equality, unity, fraternal love, and mutual assistance; promote fair competition in their trade; and combat the practice of deliberately creating difficulties for colleagues or tarnishing colleagues' reputations in order to serve selfish individual or small-group interests.

They should respect the copyrights of colleagues and other authors, and combat the practice of copying or plagiarizing the products of other people's labor.

VIII. Enhancing Friendship and Cooperation With Press Circles in Other Countries

News reporting should be geared toward enhancing understanding, friendship, and cooperation between people in various countries; respecting the sovereignty and national traditions of other countries; opposing hegemonism and power politics; safeguarding world peace; and promoting common development on the basis of the Five Principles of Peaceful Coexistence.

They should develop exchanges and cooperation with press circles in other countries, and show mutual respect and safeguard the dignity of the motherland and Chinese journalists during such contacts.

Beijing Establishes Municipal Theory Study Network

OW0906171694 Beijing XINHUA Domestic Service in Chinese 0810 GMT 8 Jun 94

[By correspondent Mu Qing (3668 7230) and reporter Huang Wei (7806 1218)]

[Text] Beijing, 8 Jun (XINHUA)—Beijing City has established a network for cadres to engage in theoretic study. The network has made it possible to organize leading cadres at all levels to study socialist theory with Chinese characteristics in light of realities.

In carrying out the work of organizing cadres to engage in theoretical study, the Beijing Municipal CPC Committee has attached great importance to the study programs for leading Beijing Municipal CPC Committee and Government groups. As early as 1992, a central study group for major leading Beijing Municipal CPC Committee and Government cadres was set up. Such groups are staffed with two secretaries solely responsible for supervising and inspecting its study programs. A record of each student's attendance and performance is kept by the study group. Meanwhile, a theoretical study network has been formed in Beijing, with each immediate higher-level authority supervising the work of each lower-level authority. Priority attention has been given to the study programs for cadres at or above the department level.

In their theoretical study, leading cadres at all levels in Beijing City have focused on the goal of emancipating the mind, seeking truth from facts, and establishing a socialist market economy. They have systematically studied the theory of socialist market economy with Chinese characteristics. To facilitate leading cadres at or above the bureau level to achieve a better result in their study, the city's leaders have taken the advantages of the capital's favorable conditions by inviting responsible comrades of various ministries and commissions and experts in relevant fields to deliver reports on such special topics as current financial, foreign trade, and taxation systems reforms, as well as on the establishment of a modern enterprising system. These reports, serving as a supplementary to the study programs, have helped leading cadres at or above the bureau level master the market economy theory and relevant new knowledge, acquire a general understanding about the establishment of a socialist market economy framework, and enhance their policy-related theory and decision-making level.

Leading cadres at all levels in Beijing City have integrated their theoretical study with investigations and research. They have tried to deepen their understanding about theoretical problems through investigations and research and by improving their theoretical level to find new methods to solve practical issues. This is one of the outstanding features in their theoretical study. Last year, Secretary Chen Xitong and Mayor Li Qiyang of Beijing City made more than 30 trips to visit mountain and rural

areas, industrial and commercial enterprises, construction sites, and universities and colleges. They listened carefully to opinions expressed by the masses, solved new problems which had cropped up during the course of reform and opening up, and took a lead in writing theoretical articles and investigation reports, including: "There Is No Leadership Without Conducting Investigations and Researches" and "Work Hard To Achieve the Goal of Leading a Fairly Comfortable Life." Under their leadership, leading cadres at all levels in the city have made it their practice to conduct investigations and research in the grass-roots units. Leading cadres at or above the district, county, and bureau levels have written more than 250 theoretical articles and investigation reports.

Party schools at all levels in Beijing City have also sponsored rotating training classes for cadres at or above the department level. They have sponsored more than 20 terms of rotating training classes for cadres at or above the bureau level, with more than 1,600 people having received the training. They have achieved the goal put forward by Beijing City's leaders that leading cadres at or above the bureau level should receive such rotating training once a year. They have sponsored more than 250 terms of rotating training classes for cadres at or above the department level, with more than 12,000 people having received the training. Propaganda departments at all levels in Beijing City have conducted more than 250 report meetings in various forms as a supplementary to the study programs, with more than 200,000 people having attended such report meetings.

Nearly 10,000 HIV Carriers Reported in China

HK1006015594 Hong Kong MING PAO in Chinese 20 May 94 p A13

[By staff reporter Lin Tzu-Chieh (2651 1311 2212):
"HIV Carriers Discovered in 22 Provinces in China"]

[Text] At present, 22 provinces in China have reported HIV carriers and the reported number is 1,159. However, departments concerned have estimated the actual number of HIV carriers is between 5,000 and 10,000. There is a tendency toward a gradual spreading of AIDS in China. According to Ministry of Public Health officials, shortage of funds and insufficient publicity and education are two major difficulties in the prevention and treatment of AIDS at present.

Sun Xinhua, a Ministry of Public Health official, said during an interview with this reporter by long-distance telephone yesterday: Although governments at various levels allocated 10 million yuan for the prevention and treatment of AIDS last year, the amount was far from enough and there was difficulty in meeting the needs. Therefore, in some places where increased investment has been made, special test centers and hospitals have been set up. However, most patients have to receive

treatment at ordinary hospitals. Some patients stay at home and are visited by local doctors once a month or once every two months.

At present, China still has not formulated laws or regulations on the prevention and treatment of AIDS, said Sun Xinhua. In 1988, the Ministry of Public Health promulgated a policy document—the "Law on the Prevention and Cure of Contagious Diseases," which has been in force until now. The authorities are thinking of taking further measures to strengthen management of the prevention and treatment of AIDS but nothing has yet been put on the legislation agenda. China is an area in which the spreading of AIDS is not serious but there is a tendency toward a gradual spreading of the disease. HIV carriers are concentrated in Yunnan, Fujian, Guangdong, Shanghai, and Beijing, said Sun Xinhua, and those in Yunnan account for 80 percent of the total. The main reason why there are more HIV carriers in Yunnan is that many people inject drugs. Sexual contact is another way of spreading the disease. A considerable number of HIV carriers in other cities have been infected abroad. Some are foreign staff members and workers. Others have become HIV carriers after working as laborers or after visiting their relatives abroad.

In view of the actual situation in China, said Sun Xinhua, the authorities have followed two main principles in the prevention and treatment of AIDS. One is to take measures to slow down the speed of the spreading of the disease. The other is to make great efforts to carry out publicity and education work by means of the press and to pay special attention to monitoring the "high-risk groups."

In response to being asked whether or not HIV carriers are discriminated against in China, Sun Xinhua said: In many places in the world, HIV carriers are being discriminated against but the public health administrative departments in China have demanded that various localities should not discriminate against HIV carriers and the identities of HIV carriers must be kept secret. However, in the eyes of the people, these HIV carriers are beneath pity. The people think that undesirable habits are the main cause of contracting the virus.

Foreign Funding Sought for Pollution Cleanup Costs

HK1006032294 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 10 Jun 94 p 5

[By Susan Oh]

[Text] The clean-up of China will cost US\$200 billion, most of which must come from overseas investment according to Yu Yuefeng, vice-president of the China Association of Environmental Protection Industry. Mr Yu said it would cost \$15 million to clean the city of Guangzhou alone.

Pollution control was beyond China's means, but investing in the mainland's environmental protection meant having a stake in the market for green technology to emerge in the next two to five years, he said. The Private Sector Committee Environment Centre estimated the global market for environmental technologies to reach \$600 billion by the turn of the century.

"We will need investments internationally and locally. Environmental degradation is an obstacle in the market which cannot be solved by China alone," Mr Yu said. He called on foreign companies to help China develop its own technology to stop environmental degradation resulting from massive industrial development. "Chinese technology is cheap and practical, but only for other Asian centres. We will follow a basic strategy to use foreign investment in order to exploit the market and export overseas," he said. Mr Yu predicted a huge market for environmental technology, but said China's preparations depended on costly American technology.

The most pressing concern was treatment of water and solid waste, which would account for 70 per cent of the \$200 billion. Air pollution, for the promotion health and machine maintenance, was also a concern. China was in desperate need of dust-removal technology for both general and industrial use, Mr Yu said. Machines to extract dust and sulphur were especially needed in the southern region where manufacturing was concentrated. China was looking to foreign companies to develop better ways of treating water from wood and pulp plants, highly concentrated waste water and toxic waste. "We have over 30,000 small pulp plants. Pollution is a concern, but closing them would cause a shortage of paper products," Mr Yu said.

Ordinary mainlanders felt a strong need for environmental protection because of worsening pollution, but a country with per capita income below \$1,000 could do little, he said. "Now that people have bread and butter, they can worry about the environment. There is a growing awareness and concern," he said. Mr Yu said those countries with a per capita income of more than \$3,000 must initiate the process, and countries such as Japan could be doing more to help.

Official Explains Revisions to Import Duty Procedures

OW0906185094 Beijing XINHUA Domestic Service in Chinese 0834 GMT 8 Jun 94

[Revisions to the "Customs Procedures of the PRC Concerning Levying Import Duties on Incoming Travelers' Luggage Articles and Personal Postal Articles"]

[Text] Beijing, 8 Jun (XINHUA)—The newly revised "Customs Procedures of the PRC Concerning Levying Import Duties on Incoming Travelers' Luggage Articles and Personal Postal Articles" ["procedures"] were promulgated recently.

The official in charge said: The "procedures" were formulated in April 1991 by the State Council's Tariffs Regulations Committee. To accommodate the changes resulting from the state's financial and taxation system reform and from the adjustments in import duties, and to better implement the state's industrial policy, the State Council's Tariffs Regulations Committee, based on State Council Decrees 134 and 135, made revisions to the "procedures." The major revisions are: First, the term "import duties," as it is referred to in the "procedures," has been redefined. The definition of "import duties" in the original "procedures" included customs duties and industrial and commercial tax. Due to the turnover tax system's reform, the term industrial and commercial tax has been canceled and replaced with value-added tax and consumption tax. To accommodate the change, relevant articles and provisions of the "procedures" have been revised accordingly. Second, automobiles and motorcycles have been removed from the list of taxable luggage and postal articles, and import duties have been levied on these items as ordinary import goods according to the "Import and Export Duty Regulations of the Customs of the PRC," to better manage imported automobiles and motorcycles and to better carry out the state's industrial policy. Third, the term "grain, grain powders" in the No. 1 "Table of Duty Rates" has been changed to "food." Fourth, customs duties, value-added tax, and consumption tax have been combined into one duty rate to simplify tax levy procedures.

The official said: The aforementioned revisions do not affect the regulations governing the amounts of taxable and tax-exempted luggage articles of incoming travelers and incoming personal postal articles.

It has been learned that the State Council's Tariffs Regulations Committee's office is under the State Economic and Trade Commission, and is responsible for carrying out work delegated to it by the State Council's Tariffs Regulations Committee.

Science & Technology

Unmanned Aircraft Reaches 'World Standards'

HK1006020394 Beijing RENMIN RIBAO in Chinese 8 Jun 94 p 3

["Dispatch" by correspondent Meng Xian (1322 6007 1344): "China's Unmanned Aircraft Research and Development at World Level"]

[Text] Xian—China's research and development on small unmanned aircraft has reached world standards after more than 30 years of effort.

This reporter learned a few days ago from the Xian Unmanned Aircraft Development Center that the B-7 pilotless plane researched and developed by the center had passed the examination of a ministerial-level design and model inspection authority.

The plane is of an advanced small piston-engine type weighing 90 kg, with a maximum speed of 100 m a second and an elevation range of over 5,000 m; the range of remote control exceeds 40 km and the cruising range is 60 minutes. The plane is equipped with computerized electronic systems, integrated circuit wiring, digitized command codes, integrated module-scanning, an "automated return-flight aviation system," a 360-degree directional setting capability, and a car-mounted capability while it is on the ground. The aircraft technology that went in the making of the unmanned plane has reached the advanced standard of other similar international plane products.

In 1958, the Xibei University of Industry successfully test-flew No "04" unmanned plane, opening a new era in our country's unmanned aircraft development.

The B-1 target drone successfully researched and developed by the university on the basis of its experience in remote-controlled plane models has gone into factory production. A total of more than 6,000 of the B-2 target drones that came out in 1971 have been produced, many of them exported to countries in Southern Asia, Africa, and South America.

China Society of Creativity Studies Set Up in Shanghai

OW0906133794 Beijing XINHUA in English 1249
GMT 9 Jun 94

[Text] Shanghai, June 9 (XINHUA)—The China Society of Creativity Studies was set up in Shanghai today.

The study of creativity is an emerging science researching the creativity of human beings, applications of creative thinking, and the processes involved in human discovery and invention.

In the late 1970s, Chinese experts and scholars entered the study of creativity. Over the past ten-plus years, a dozen societies promoting the study were set up in Shanghai and other provinces and cities.

Scholars in the study have published more than 30 compilations of works in the field.

The number of experts engaged in the study has increased from about 200 a decade ago to several tens of thousands now.

There are 48 universities in China which now offer courses in the study of creativity.

Approved by the State Commission of Science and Technology, the Ministry of Civil Affairs and the China Association for Science and Technology, the society will devote its efforts to international and domestic academic exchanges and promote the development, application and popularization of the study in China.

Military

Foreign Ministry Spokesman Comments on Nuclear Test

OW1006084494 Beijing XINHUA in English
0829 GMT 10 Jun 94

[Text] Beijing, June 10 (XINHUA)—China conducted an underground nuclear test earlier today, a Chinese Foreign Ministry spokesman said here.

"China always stands for complete prohibition and thorough destruction of nuclear weapons and, within this context, the realization of a comprehensive nuclear test ban," the spokesman said.

Proceeding from this fundamental position, China has all along exercised great restraint in conducting nuclear tests and the number of nuclear tests it has conducted is extremely limited, he said.

China fully respects and understands the position and concern of many non-nuclear weapon states on the question of nuclear testing, he said.

Right now, the spokesman said, China is actively participating in negotiations on a "comprehensive nuclear test ban treaty", and supports the conclusion of such a treaty no later than 1996 after negotiations.

He said the treaty should be a step towards the complete prohibition and thorough destruction of nuclear weapons.

"We call on other nuclear weapon states to give up their policy of nuclear deterrence and commit themselves in explicit terms to complete prohibition and thorough destruction of nuclear weapons," he said.

"We are ready to make continued unremitting efforts with the international community for an early realization of this ultimate goal," the spokesman said.

Jiang Zemin Addresses Corps-Level, Higher Army Cadres

OW0906140294 Beijing XINHUA Domestic Service in Chinese 1034 GMT 9 Jun 94

[By JIEFANGJUN BAO reporter Wang Wenjie (3769 2429 2638) and XINHUA reporter Luo Yuwen (5012 3768 2429)]

[Text] Beijing, 9 Jun (XINHUA)—Jiang Zemin, general secretary of the CPC Central Committee, state president, and chairman of the Central Military Commission, held a discussion meeting with the trainees at the National Defense University on 8 June. He emphasized during the discussion: In order to study well Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, it is most important to consider the new circumstances and tasks, seriously implement the principle of integrating theory with practice, persistently combine

the study of theories with the research on actual problems, and display a study style of integrating study with application and of studying for the purpose of application.

Present at the discussion were vice chairmen of the Central Military Commission Liu Huaqing and Zhang Zhen, as well as members of the Central Military Commission Chi Haotian, Zhang Wannian, Yu Yongbo, and Fu Quanyou.

Six representatives of the trainees spoke during the discussion. They discussed such issues as how to thoroughly implement Comrade Deng Xiaoping's thought on Army building during the new period and the Central Military Commission's general and specific policies, how to step up Army building in an all-round way, and how to further strengthen army-government unity and army-people unity.

After hearing their views, Jiang Zemin made an important speech. He first pointed out: To seize opportunity, deepen reform, open up wider, promote development and maintain stability is the general task set by the party Central Committee for the whole party and the whole country. The general task, set under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, reflects the fundamental interests of the people of all nationalities across the country. In order to study theories in light of reality, we must uphold the general task and consider it to be the greatest reality. High-ranking Army cadres should take the lead in ensuring that the orders of the party Central Committee, the State Council, and the Central Military Commission reach all levels, and in doing all work well according to high and strict standards. High-ranking Army cadres should display a strong party spirit and a high degree of sense of organization and discipline, strictly enforce prohibitions, and obey orders in all actions.

Jiang Zemin then pointed out: The Army should take a further step to carry forward fine traditions and step up the building of socialist spiritual civilization. It should uphold the purpose of serving the people wholeheartedly and advocate the spirit of selfless dedication. It should deepen the campaigns to learn from Lei Feng, Su Ning, Xu Honggang, and other heroes and models; further advance and enrich revolutionary righteousness; foster good morality; and always keep the distinctive character of Red Army veterans, as well as the image of the People's Army.

Jiang Zemin emphasized: To seek truth and do a solid work is the key to success in every work. Leading cadres must display a style of doing arduous and meticulous work, work steadily and make solid progress in every phase of the work. Leading cadres must do all they can to reduce activities at the higher level, constantly conduct investigation and study among troops of grass-roots units, and familiarize themselves with the actual situation of the troops, so that the policies and guidance

formulated by them will be more effective and with clearer objectives. In the final analysis, to do a solid work means doing a solid work for grass-roots units. When a leading organ makes a policy decision or issues instructions, it must fully consider the reality and endurance of grass-roots units. We should create a concentrated atmosphere of doing a solid work throughout the Army, strictly carry out all the policy decisions of the Central Military Commission, and constantly push Army building forward in an all-round way.

The training class is the second rotational training class for cadres holding regular corps-level or higher posts to study Volume 3 of the *Selected Works of Deng Xiaoping*. It is run by the National Defense University at the request of the Central Military Commission and the three general departments.

Zhu Dunfa, commandant of the National Defense University, chaired the discussion meeting. Li Wenqing, political commissar of the University, attended the meeting.

More on Studying Deng's Theory

OW0906151894 Beijing XINHUA in English
1458 GMT 9 Jun 94

[Text] Beijing, June 9 (XINHUA)—Link theory with practice in studying Deng Xiaoping's theory of building socialism with Chinese characteristics.

That was the message stressed by Chinese President Jiang Zemin, chairman of the Central Military Commission, when he had a discussion with cadets of the National Defence University here on Wednesday [8 June].

Jiang told the cadets to use the theory in the study of current issues.

Also taking part in the discussion were vice-chairmen of the commission Liu Huaqing and Zhang Zhen, and commission members.

Summing up the discussion, Jiang pointed out that the main tasks for the whole party and the whole nation are to seize the opportunity to expand the reform, enlarge the opening-up to the outside world and promote development while maintaining stability. In studying Deng's theory, one should link it to these tasks.

Jiang called on senior military leaders to take a leading role in carrying out the orders of the Party Central Committee, the State Council and the Military Commission.

Army Leaders Study Deng Works

Part 1

HK0906073094 Beijing JIEFANGJUN BAO in Chinese
12 May 94 p 3

["Arm the Whole Army With the Theory of Building Socialism With Chinese Characteristics—Impressions of

Leading Comrades From Some Major Military Units After Studying Volume 3 of the *Selected Works of Deng Xiaoping*"]

[Text] Editor's Note: The serious study of Volume 3 of the *Selected Works of Deng Xiaoping* [Selected Works] and using the theory of building socialism with Chinese characteristics to arm the whole Army is a strategic task which the Central Military Commission has put forward for the officers and men of the whole Army. In implementing this strategic task, the key lies in leading the cadres, especially the high-level cadres, to link up with reality and lead the way in studying and utilizing the texts properly, so that the theory of building socialism with Chinese characteristics truly enters the ideology and imbues our work. Today and tomorrow we will be publishing articles by leading comrades from six major military units on what they learned from participating in the Third Theoretical Discussion Class for Senior Leading Cadres at the Provincial and Ministry Levels. These reflect the results from one angle and are worth reading. [end editor's note]

"Strengthening the Consciousness of Strategy, Raising the Level of Leadership" by Song Qingwei [1345 3237 3262]

Paying close attention to questions of strategy has been a consistent ideology of Comrade Deng Xiaoping. In the *Selected Works* this issue is discussed in dozens of places. Comrade Jiang Zemin has strongly stressed that high-level leading comrades must raise their strategic consciousness and decisionmaking level, put efforts into studying Comrade Xiaoping's rich experience in handling party, state, and military affairs and his excellent leadership skills, and continually raise their capacity to guide the building of the forces and master complex situations. This explains, in a deep way, the basic contents, methods, and requirements for leading cadres in strengthening their consciousness of strategy.

1. The characteristics of Comrade Deng Xiaoping's strategic theoretical system of building socialism with Chinese characteristics. The theory of building socialism with Chinese characteristics is a complete, scientific, and theoretical system and also a rigorous and meticulous strategic system. As a theoretical system, it is contemporary Chinese Marxism. As a strategic system, it is an overall and long-term program for our country's reform and modernization. This strategic system has many fresh elements. It is practical—it is based on China's national situation, takes its own road and, through practice, has formulated and perfected national development strategies. This is the scientific basis on which Comrade Deng Xiaoping planned national development strategies. It has a mass nature—in every element it respects and relies on the people, taking the "three benefits" as its basic standard for assessing whether something is right or wrong. This is the source of knowledge on which Comrade Deng Xiaoping has planned national development strategies. It is contemporary—it is in accord with the needs of the times and useful for grasping historical

opportunities, for implementing strategic guidance without losing opportunities, and for accelerating the development of the economy. This is an important characteristic and condition for Comrade Deng Xiaoping's planning of national development strategies. It is creative—it unifies the liberating of thought and seeking truth from facts, studies new situations, and resolves new problems. This fully manifests the great boldness and courage of the national development strategies planned by Comrade Deng Xiaoping.

2. The importance of having leading cadres strengthen their consciousness of strategy. Having leading cadres study and master the strategic ideology of Comrade Deng Xiaoping and continually strengthen their consciousness of strategy, is a way of engaging in basic construction. This is not only very necessary but an extremely pressing task.

First, the strategic decisions of the party central committee need to be implemented through the various levels of leading cadres like us. Only by strengthening our consciousness of strategy will we be able to always maintain a high degree of unity with the central authorities and realize the strategic intent of the party central committee. At present, if we are to correctly master the overall work situation of the whole party and the whole people, and properly handle the relationships between reform, development, and stability, leading cadres must have a high degree of strategic consciousness, must consciously master the work of their own departments and own units, bring it into line with the overall situation of party and state work, truly subordinate themselves to this work, and safeguard the overall situation. Over the last few years, local protectionism and the phenomenon whereby "when the upper levels put forward a policy, the lower levels devise a countermeasure" have appeared. I am afraid that this is linked with some leaders lacking a consciousness of strategy.

Second, correctly formulating development strategies and implementing strategic guidance is a basic responsibility of leading cadres at all levels, especially senior leading cadres. Experience has proven that whether the consciousness of strategy is strong or not will directly affect whether or not policies are correct. Why is it that over the last few years, we have seen great differences between areas which have similar conditions and between units with similar conditions, in the quality of work and very great differences in their speeds of development? This also is closely linked to whether or not the leaders have a consciousness of strategy. Only with a farsighted strategic mind is it possible to stand high, see far, understand complex situations, grasp the essence of things, and make correct strategic decisions.

Strengthening the consciousness of strategy is an important element in raising the leadership level and work efficiency. Under the new conditions of establishing a market economy, if one's consciousness of strategy is not strong, one will fall into a blind situation where one only considers the partial, not the overall, and only the

immediate without thinking about the long-term. Thereby, one might be busy all day and yet work results will only be average.

3. In the practice of leadership work, how are we to strengthen the consciousness of strategy? In strengthening the consciousness of strategy, we must first rely on study and, second, we must rely on practice. Relying on study means that we must study and research the strategic ideas and strategic leadership skills of Comrade Xiaoping. In relying on practice, we must use Comrade Xiaoping's strategic ideas and strategic leadership skills in our own leadership work and strengthen our leadership skills through practice. Seen from the current situation, we must pay attention to at least the following points.

First, we must pay attention to the circumstances and take the overall situation into regard. It is necessary to pay full attention to the development and changes in the domestic and international situations, frequently pondering major questions which affect the overall situation. This is the first link in strengthening the consciousness of strategy. The party central committee has decided that the overall task for this year is to "grasp the opportunity, deepen reform, expand opening up, promote development, and maintain stability." In such a situation, paying attention to circumstances, grasping the overall situation, and subordinating ourselves to the overall situation is now more important than ever. As Comrade Xiaoping pointed out: "There are some things which appear impossible when viewed from the partial situation but which become possible when viewed from the overall situation. Thus, we must always consider things from the overall situation."

Second, we must look at things from the long-term and plan strategies from the macrolevel. Strategy is about managing the future. A leader with a strong consciousness of strategy will certainly have a long-term development view. If we speak in terms of the armed forces, in accordance with the requirements for modern high-level warfare, in doing well in reform and development of the armed forces, in fostering and training outstanding young cadres, and so on, we must take a longer view and proceed from the long-term interests of the state and the armed forces.

Third, we must master important matters and manage the overall situation well. Whether or not high-level leading cadres have a strong consciousness of strategy is manifested in their work. That is, it is manifested in whether or not they can master important matters and manage the overall situation. In their practical work, high-level cadres must manage "strategy," "battles," and "tactics." When daily work tasks are complex and numerous, it is easy for such minor tasks to tie one up. This requires that we strengthen our consciousness of strategy, give more thought to the overall situation, frequently discuss important matters, be good at planning, and put most of our energy into thinking about the key positions and crucial links in the overall situation.

Thereby we will be able to master the overall situation and guard against trying to handle big and small matters at the same time.

Fourth, grasping the opportunity and seeking development. The ancients said: "Soldiers vie in battle, generals vie in strategy, overall commanders vie for opportunity." Grasping the opportunity is intended for seeking development. A consciousness of strategy is tightly linked with the consciousness of opportunity and the consciousness of development. If one wants to strengthen the consciousness of strategy and raise the level of leadership, it is necessary to be good at grasping opportunities and seeking development. When the orientation is set, there should be brave exploration and forging ahead and, while studying new situations and resolving new problems, we should do well in our work creatively.

"Correctly Master the Relationships Between Reform, Development and Stability" by Gu Hui [0942 6540]

Reform, development and stability are key elements in the *Selected Works*. Seriously studying Comrade Xiaoping's scientific conclusions on the relationships between reform, development, and stability has very major significance in deeply understanding and firmly mastering the overall task of "grasping the opportunity, deepening reform, expand opening up, promoting development, and maintaining stability" put forward by the party Central Committee and in doing well in the overall construction and reform of the armed forces.

Developing the economy and throwing off poverty and backwardness as quickly as possible are basic requirements in consolidating and developing socialism. As Comrade Xiaoping noted in a major speech while inspecting the south: "Development is the only real truth" and "If we do not uphold socialism, do not engage in reform and opening up, do not develop the economy, and do not improve the lives of the people, we will only reach a dead end."

Reform is a basic motive force in liberating and developing the productive forces. Without reform, there will be no future. Comrade Deng Xiaoping holds that developing the economy is inseparable from reform. He clearly pointed out: "I advocate reform. If we do not reform, we have no future. The practice over several decades has shown that the old ways cannot be successful." Our country's original economic structure played a positive role in history. However, following the development of the economy, that unitary ownership structure and ossified planning economy structure became increasingly unsuited to the development of the social productive forces. Where lies the way out? Comrade Deng Xiaoping firmly pointed out: "Upholding reform and opening up are the things which will determine China's future." "If at present we do not continue to implement reform, our modernization and our socialist cause will be ruined."

Reform is not a temporary task at a certain stage but a long-term, deep revolution. Seen from the various deep contradictions and problems in our country's economy at present, we recognize that the scale of fixed asset investment is too great, the economic structure is unbalanced, the economic performance has declined, and so on. Basically, all of these are the result of a situation wherein the defects of the old system have not yet been overcome and the new system has not yet been completely formed. The only way to resolve these contradictions and problems is to continually reform and establish, as quickly as possible, a socialist market economy structure. In this sense, the problem of our country's development is essentially a question of reform and only through reform will it be possible to further consolidate and develop the socialist system.

Stability is for guaranteeing the smooth development of reform, opening up, and economic construction and for the long-term peace and stability of the country. Comrade Deng Xiaoping especially stressed: "Of China's problems, that which surpasses all others is the need for stability. Without a stable environment, it will be impossible to achieve anything and the achievements already realized will be lost." A political situation of unity and stability is a basic guarantee for reform, opening up, and modernization. Whenever the political situation and social environment of stability and unity are destroyed, there will be no way to carry out economic construction normally and the people's lives will be subject to serious effects. Thus, Comrade Deng Xiaoping places very great stress on stability in the political realm and in the social environment. He has noted: "If there is instability and there is political chaos, it will be impossible to engage in building socialism and then it will be impossible to even talk about anything else." In administering the country, this is "a major principle, which governs minor principles. While these small principles may still be principles, we cannot operate without this major principle."

How are we to master the relationships between reform, development, and stability? After studying the *Selected Works* I believe that we should place stress on grasping three aspects:

1. We must uphold the ideological method of dialectical materialism. There exists between reform, development, and stability, a relationship of dialectical unity. Reform is the motive force, development is the goal, and stability is the guarantee. Reform, development, and stability are mutual conditions for each other and they complement each other. None of these can be done without. Without reform, we cannot talk about development and stability. Without stability, we cannot talk about reform and development. Thus, in mastering the relationship between reform, development, and stability, the key lies in mastering and utilizing the ideological method of dialectical materialism, to guard against situations where taking care of one thing results in losing sight of others, or where the specific is considered as representative of the whole.

2. We must establish a concept of the overall task. Social practice has repeatedly proven that, in whatever we do, if we do not have a concept of the overall task, and energies are dissipated in many areas, then what needs to be done will not be done well. If everyone works with one heart and one mind, they will be able to work toward development, base themselves on reform, stress stability, and do well in all aspects of work. As Comrade Deng Xiaoping has pointed out: "What is needed now is for the party, government, military, and people throughout the country to work with one heart and subordinate themselves to, and concern themselves with, the overall task of building the country." Only when there is a concept of the overall task will it be possible to achieve a high-level unity of reform, development, and stability. For example, in respect of the question of readjustment of interests during the reforms, it is necessary to guide people to establish a concept of the overall task, so that they can fully understand the relationship between the partial situation and the overall and between immediate and long-term interests. Only by truly establishing a concept of the overall task will it be possible, in a stable social environment, to truly realize the anticipated goals of reform and promote the development of socialist modernization.

3. It is necessary to uphold the principle that the people's interests are above all else. Comrade Deng Xiaoping has always concerned himself with the interests and aspirations of the broad masses of people, and always taken "whether or not the people support it," "whether or not the people endorse it," "whether or not the people are happy," and "whether or not the people respond" as the points of departure and points of return when the line, principle, and policies are being formulated. Thus, in correctly handling the relationships between reform, development, and stability, it is necessary to uphold the principle of putting the people's interests above all else. In this way, there will be no unresolvable contradictions and no unsolvable problems.

In reform, development and stability, the armed forces shoulder an important historical responsibility and it is necessary to put efforts into strengthening comprehensive construction, to guarantee a high degree of stability and centralized unity of the armed forces. As Comrade Jiang Zemin has pointed out: "As far as the armed forces are concerned, it is necessary for us to bring fully into play the enthusiasm and creativity of the officers and men of the whole Army, so that they realize achievements in the modernization of the armed forces and make more contributions to the prosperity, strength, and long-term stability of the state." The armed forces are an important component part of the state's regime. The basic task of the armed forces is to peacefully labor in defending the motherland and safeguarding the people. The armed forces have a special historical responsibility in upholding reform, participating in development, and safeguarding stability.

In this respect, we must always bear in mind Comrade Deng Xiaoping's idea on "stability being more important than anything else," so that we can better take on the sacred missions of safeguarding state security and unity and defending socialist modernization. In accordance with Chairman Jiang Zemin's general requirements of "political standards, military mastery, fine work style, strict discipline, and powerful guarantees," we must strengthen the building of the armed forces in an overall way and guarantee high-level stability and centralized unity.

"In the New Period, We Must Put Effort Into Improving the Performance of the Military Economy"
by Liu Jingsong [1491 4737 2646]

We comrades who work in the armed forces must, through studying the *Selected Works*, master in an overall way Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and strive to resolve the new problems which have arisen in armed forces construction in the new situation. An important aspect of this is that we must actively accord with the requirements of a socialist market economy and put great efforts into improving the performance of the military economy, to truly achieve "powerful guarantees."

1. The establishment of a socialist market economy structure has brought unprecedented opportunities and challenges in military economy work. The 14th CPC National Congress, in accordance with the ideas of Comrade Xiaoping, set down that the target of our country's economic structural reform is to establish a socialist market economy structure. The military economy is an important component part of the social economy and it will inevitably face completely new environments, questions, and demands. Our Army's military economy operational mechanism was initially formed under planned economy conditions and has played an important part in the building of the armed forces. However, some problems existed such as the supply system being irregular, planned distribution being irrational, guarantee methods being inflexible, and widespread losses and waste. This restricted the improvement of military economic results. The establishment of a market economy structure is beneficial to: The rational deployment of military economy resources; developing the economy and the gradual alleviation of military fund shortages; the improvement of supply guarantee efficiency through diverse channels; liberating and developing national defense productive forces; and beneficial to improving the consumption structure of the military economy.

At the same time, in the process of making the transition to a market economy, some complex contradictions and problems may appear. For example, the resource deployment structure which affects some of the military economy has increased the difficulties of gathering and supplying some military materials. This has increased

the difficulties of logistics management. Some new contradictions have appeared in the training and retention of skilled personnel, while some new situations and problems have appeared in production and operations by the armed forces.

2. In improving the performance of the military economy under market economy conditions, we must stress grasping the basic principles. The military economy is a special part of the national economic system, which is used to guarantee national security. In a situation where our country's comprehensive national strengths are not powerful, there cannot be a very large increase in military spending and the supply-demand contradiction is still the main contradiction in military economy work. Thus, we must seriously implement Chairman Jiang Zemin's important directive on "further improving the performance of the logistics economy" and put the stress on improving the performance of the military economy. Specifically, we should grasp the following principles: A. We must subordinate ourselves to the overall task of national economic construction. B. We must implement the new-period military strategy policy. C. We must respect the patterns of the socialist market economy. D. We must use scientific management methods. E. We must bring into play the outstanding traditions of arduous struggle and building the army through thrift and hard work.

3. In improving military economic performance at the present stage, we should put efforts into resolving the major problems. The current military economic management mechanism is far from meeting the demands of a market economy, or the demands of improving the quality of the forces, and the phenomena of stressing planning and looking lightly on the market, and stressing investment and ignoring output, still exist. Thus, it is necessary to deepen reform and explore new measures for resolving the problems in military economy work.

A. Transforming ideological concepts. The essence of liberating thought and seeking truth from facts runs through the *Selected Works* from cover to cover. It should be said that since the implementation of the socialist market economy operations mechanism, we have seen great changes on the ideological and conceptual levels. However, these changes are far from sufficient. The key issues in transforming ideological concepts are: Seriously studying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and basic knowledge about the socialist market economy; essentially recognizing the characteristics and patterns of a socialist market economy and its effects on military economic work; and seriously establishing a market concept which involves prices fluctuating in accordance with market conditions, a concept of performance which has value as a yardstick, a concept of time-efficiency involving improvement of material circulation efficiency, a concept of mutual benefit in economic exchanges, a concept of self-strengthening through participation in market competition, a concept of skilled personnel, and so on.

B. Reforming guarantee systems. The focuses of the reform of the military economic guarantee structure lie in readjusting the structure, optimizing major factors, and putting in order relationships between the inside and the outside. First, we need to readjust guarantee structures within the armed forces and build a unified logistics structure in which unified and dispersed systems are combined. Second, we must establish joint military-civilian guarantee systems, so that some of the livelihood services for the armed forces are gradually taken on by society. At the same time, we must open up to society some of the surplus military economic functions and, under the precondition of guaranteeing the completion of military tasks, provide some compensated services to society.

C. Improving supply and management. Management brings results and also guarantees capacity. In improving the management of the military economy, the most important thing at present is to grasp the following points well: First, establish a standardized supply system; second, improve cost management; third, improve the collection and storage of goods and materials; and fourth, improve production and operations management.

D. Strengthening macroeconomic regulation and control. First, we must strengthen macroeconomic regulation and control over decisionmaking; second, we must strengthen regulation and control over military industry production; third, we must readjust the interests relationships well and properly handle the relationships between immediate and long-term interests, between partial and overall interests, and between individual and collective interests.

E. We must do a good job of establishing laws and regulations. For example, we need to formulate a basic law for our country's national defense construction and, on this basis, formulate as quickly as possible laws and regulations which directly relate to military economic work. These will include, for example: A "Law Governing the Ordering of Goods by the Military," "Military Budget Law," "Wartime Mobilization Law," "Military Production Law," "National Defence Science and Technology Research Law," "Reserve Strength Construction Law," and so on.

F. Improving the quality of personnel. We must put efforts into training a contingent of skilled personnel who have a high degree of political consciousness and are well-versed in military economic work. This is a most crucial strategic task for doing well in military economic work under market economy conditions. While developing the market economy, we must educate military economic work personnel to maintain sober minds, establish a correct view on life and correct values, and foster fine professional ethics. We also need to strengthen professional training for personnel engaged in military economic work, study local reform experiences, strengthen our capacity to accord with the market, utilize

the market, and handle matters in accordance with the patterns of the market economy.

Part 2

HK0906074594 Beijing JIEFANGJUN BAO in Chinese
13 May 94 p 3

["Arm the Whole Army With the Theory of Building Socialism With Chinese Characteristics—Impressions of Leading Comrades From Some Major Military Units After Studying Volume 3 of the *Selected Works of Deng Xiaoping*"]

[Text] "Deeply Understanding the Strategic Idea of Maintaining Stability" by Li Jiulong [2621 0046 7893]

The idea that stability exceeds everything else in importance is an extremely important idea which runs right through Volume 3 of the *Selected Works of Deng Xiaoping* [*Selected Works*]. Comrade Xiaoping has pointed out powerfully that stability is the crux for China's development and strengthening. Studying this idea by Comrade Xiaoping is of major significance in our doing well in the various aspects of reform and construction work.

The *Selected Works* elaborate on the idea that stability is more important than everything else from many angles, many sides, and many levels. We can sum up the ideas in the following points:

Stability is in accord with the highest and greatest interests of our party, our Army, and the people of all nationalities in our country. Without a stable political situation and a stable social environment, there would be no speedy economic growth, no social development and the people would not be able to live and work in peace. If we are to continually consolidate and perfect the socialist system in practice, we must have a political and social environment which has long-term stability. Otherwise, the socialist system, which has been created through the sacrifices and the blood of millions of people, will not be consolidated and safeguarded and could even face the danger of dissolution. As Comrade Xiaoping has pointed out: "A collapse can occur overnight. Collapsing is easy, construction is very difficult." The 40-plus years of history since the establishment of New China have powerfully proven that, with a stable political situation and social environment, our socialist cause has been able to achieve very rapid development but, as soon as the situation of stability is destroyed, our socialist revolution and construction loses its vigor and vitality. Especially during the 10 years of internal disorder during the "Cultural Revolution," our socialist economy was pushed to the point of collapse, resulting in a greater disparity between our country and the developed countries of the world. Thus, maintaining stability is in the highest interests of the party and the state. At the same time, under the socialist system, stability is also a social goal. If the country is at peace, the people are at

peace. If the people can live in peace, they are happy in their work. This reflects the greatest interests of our country's people.

Seek stability through reform, opening up and development. Comrade Xiaoping's expositions and the practical experiences of reform and opening up over the more than last 10 years tell us that in the process of reform and development, there is a need for a stable political and social environment. Without a stable environment, nothing else can be even talked about, nothing else can be achieved, and even the achievements which have already been scored will be lost. Meanwhile, upholding reform and opening up is a basic condition for long-term peace and stability. Only by reforming the ossified structure and establishing a socialist market economy structure, and accelerating economic development, will it be possible to further consolidate the socialist system and thereby essentially maintain stability. Thus, understanding and grasping well the internal relationships between stability, reform, and development are leadership requirements and leadership skills necessary for leading comrades at all levels and especially high-level leading comrades.

Upholding the party's basic line without wavering for 100 years is the political basis for maintaining stability. Upholding reform and opening up, engaging in economic construction with one heart and one mind, and taking the development of the social productive forces as the basic task at the present stage, will lay down a base for the long-term stability of the state. The four cardinal principles are the basic principles on which the state is based. They are the political orientation and the political principles with which we must be in accord in building socialism with Chinese characteristics. If the party leaders are able to increase the cohesion and centripetal force of the people of all nationalities throughout the country, it will be a basic political guarantee for maintaining social stability. The essence of socialism is the liberating and development of the productive forces, the elimination of exploitation, the removal of polarization, and the eventual realization of common prosperity. This superior social system provides system guarantees for maintaining a stable political order and creates beneficial social conditions. The people's democratic dictatorship is a powerful guarantee and weapon for achieving social stability. Marxism-Leninism-Mao Zedong Thought is a powerful spiritual motivation and spiritual prop in engaging in socialist construction and reform. Comrade Xiaoping has fully affirmed that Mao Zedong Thought is still the guiding ideology of our party. This has major and deep significance in terms of maintaining the ideological unity of the whole party, in unifying to open up a new road for developing the socialist cause, and in guaranteeing that our party and state can pass the rigorous tests of the rapidly changing international situation.

In maintaining stability we must take a clear-cut stand in opposing bourgeois liberalization. On the subject of opposing bourgeois liberalization, Comrade Deng

Xiaoping has said much. He astutely pointed out: "If China engages in bourgeois liberalization, there will certainly be chaos, resulting in our being unable to achieve anything. Then, the line, principles and policies, and the three-stage development strategy targets we have formulated will all fizzle out." In his speeches while inspecting the south, Comrade Xiaoping also laid stress on this issue, pointing out: "We must continue to grasp this with both hands. One hand must grasp reform and opening up and one hand must strike at various types of economic crimes. We must maintain a tight grip with both these hands. In striking at various types of criminal activities and sweeping away various types of odious activities, we cannot relax our grip." In this respect, we must maintain an extremely clear mind. In accordance with the expositions by Comrade Xiaoping, in maintaining stability we must strengthen the building of a legal system, punish corruption, and carry out education in ideals, morality, culture, and discipline for cadres and the masses, to strengthen the building of spiritual civilization.

Comrade Deng Xiaoping has required that "comrades working in the various work posts must jointly shoulder responsibility for safeguarding, guaranteeing, and developing this political situation of unity and stability." The People's Armed Forces, as an important component part of the state machinery, is even more duty-bound by this responsibility. This requires that our armed forces do the following: A. We must grasp the safeguarding of stability as a long-term political task. B. We must put efforts into improving the fighting strength and deterrent power of the armed forces. The stronger the fighting strength of the armed forces, the greater their deterrent effect on domestic and foreign enemy forces and the greater will be the guarantee of the security and stability of the state. Thus, it is necessary to centralize efforts in training the armed forces well, in improving the fighting strength of the armed forces, and in building them into a powerful, civilized, and indomitable army so that we can take on the glorious task of safeguarding national security and safeguarding social stability. C. Increasingly close links must be developed between the army and the government and between the army and the people, so as to form iron and steel walls for safeguarding social stability. Unity between the army and the government and between the army and the people and the unity of all nationalities are important safeguards for safeguarding social stability. At all times, we must breathe as one with the masses and share their fate, and maintain and bring into play the fine tradition of army-people unity seen during the revolutionary war years. We must strengthen the close links with the relevant local departments so that there is full army-locality cooperation, giving full effect to the work of maintaining stability.

"The Crux Lies in Doing Well in Building Our Party"
by Li Xilin [2621 1585 2651]

In *Selected Works*, Comrade Deng Xiaoping earnestly warns the whole party: "If problems appear in China, they will be the result of problems within the CPC"; "We

must concentrate our efforts on building the party"; and "In the end, the crux lies in handling well the internal relations in our Communist Party. If there is nothing wrong there, we can relax and sleep easily." These conclusions by Comrade Xiaoping are a deep summation of experiences in international and domestic struggle, demonstrating the importance of strengthening the building of the party during the new period of reform and opening up. I will now discuss my understanding of this question:

1. Strengthen study, to raise one's own quality.

Comrade Deng Xiaoping clearly pointed out back in 1978: "Realizing the four modernizations is a great and far-reaching revolution. In this great revolution, we advance through continually resolving new contradictions. Thus, the comrades of the whole party must be good at study and be good at studying anew." Comrade Jiang Zemin has also repeatedly demanded that the whole party place importance on and strengthen study. Only if cadres at all levels of the party strengthen their study, will they be able to be in accord with the demands of international struggle and international competition, with the demands of deepening reform and modernization, and in accord with the higher demands which the new situation places on the leading groups and leading cadres at various levels. They must consciously implement the party's basic line, guard against the principle of exchange at equal value corroding inner-party political life, and stop corrupt actions whereby power is used for personal gain and whereby power is exchanged for money, to maintain the advanced and pure nature of Communist Party members.

If leading cadres are to study well, I feel that the most important points to stress at present are: A. It is necessary to recognize the promotional role which study has on work. Some comrades are always saying that they are busy with work and have arduous tasks to complete and they have no time to study. In fact, it is because of the work with which we are busy that we need to strengthen our study and raise our leadership level and work efficiency. We also need to do a little specific analysis of the term "busy." Sometimes comrades are truly busy but, at other times they are busy to no purpose. Leading cadres should centralize their energies in grasping major matters, throw off the fetters of minor tasks, and make time to study. Otherwise, even if they work harder, they will not be able to get to grips with the essentials and they will produce no results. B. It is necessary to overcome being scared of both difficulty and complacency. Some comrades hold that the socialist market economy theory is too abstruse, that modern scientific and technological knowledge is too unfamiliar, and that it is very difficult to realize any progress. Others believe that Comrade Xiaoping's works are easy to understand and they can be understood without too much effort. Thus, they are satisfied with a smattering of knowledge. There are different forms of manifestation of these two situations but actually they all essentially involve having low study standards and lacking a spirit of arduous investigation

and study. C. It is necessary to seriously resolve psychological problems. The basic reason why some comrades do not continue studying and make no progress in their study is that their spirit is not braced and they do not truly use their mind in their study and work. Thus, leading cadres must bestir their spirits and bear in mind the great responsibilities they shoulder, recognize their qualitative deficiencies, begin by strengthening study, and continually raise their own abilities and levels.

2. Safeguarding the authority of the central authorities, strengthening the centralized unity of the party.

Safeguarding and strengthening the authority of the central authorities is an idea which Comrade Deng Xiaoping has always stressed. In response to the phenomenon whereby "when the upper levels promulgate a policy, the lower levels implement a countermeasure," he earnestly pointed out: "If reform is to be successful, it must be carried out in an ordered and guided manner. Without this, if everyone rushes in and each does his own thing, how can anything be achieved?" He also pointed out: "Without the authority of the Central Committee and the State Council, it will be impossible to resolve problems. With this authority, however, even in difficult times, major matters can be dealt with. We cannot negate authority and, when centralization is necessary, we must have centralization." At present, we must pay attention to resolving the following several questions: A. We must guard against and overcome the tendency whereby, as the market economy is strengthened, central authority is being weakened. B. We must guard against and overcome local protectionism. C. We must guard against and overcome the phenomenon whereby, using the excuse that there are special circumstances, localities do not implement the central policies and regulations.

3. We must firmly oppose corruption and promote a clean administration, to earn the trust of the people through a clean image.

Comrade Deng Xiaoping takes the building of clean government and opposition to corruption as a major matter in handling matters within the party properly. He has placed the greatest stress on this and adopts the firmest attitude regarding it. I believe that at present we must pay attention to three issues. A. We must further overcome some misunderstandings which have obstructed the deepening of opposition to corruption. For example, some people say that "there is no corruption to combat," others are worried that "opposition to corruption will affect economic growth," while yet others say that "it is difficult to avoid corruption," and so on. B. We must ensure that the activities of party committees and governments at all levels in opposing corruption are capable of increasing the people's faith in the anticorruption activities. We must act in accordance with the guidance by Comrade Deng Xiaoping and "earnestly do some things to show that we are truly combatting corruption and are not just playing." Especially in respect to "major cases," we must not "hesitate

to take action" and must not "give people cause to think that we are shielding corruption." We must "call a spade a spade and deal with cases as they deserve to be dealt with, so that we can gain the trust of the masses," and we must "grasp these matters vigorously and speedily and advise the masses of the details." C. We must concern ourselves with the hardships of the masses and truly help them resolve the difficulties in their lives.

4. In accordance with the standard of requiring personnel to have both political integrity and skills, we must place stress on selecting and training successors.

Comrade Deng Xiaoping considers this to be a strategic question in doing well in work within the Communist Party and a question of importance to the overall situation. He has pointed out: "A correct political line needs to be guaranteed by a correct organizational line. Whether or not China can handle its affairs well, whether or not socialism and reform and opening up can be upheld, whether or not the economy can be developed a little faster, and whether or not our country can see long-term stability are all questions which, in a certain sense, depend on people." On the question of selecting and training successors, I believe that we must especially uphold Comrade Deng Xiaoping's proposal to select personnel in accordance with the standard that they have both political integrity and skills and that we firmly oppose improper practices in selecting and employing people. The first requirement is a political one. That is to say, these persons must have a firm faith in socialism and communism; they must listen to the party and safeguard the authority of the Central Committee; they must uphold reform and opening up and be able to develop and push forward; and they must be honest, fair, and upright and be able to maintain links with the masses. The other requirement is a professional one. That is to say, they must have abilities, including knowledge, practical experience, and organizational and leadership skills. We must uphold the cadre line of requiring justness and fairness and selecting persons on the basis of their merits. First, we must seek suitable personnel from "all corners of the land" and not just from those who are close to us. Second, we must implement the principle of party management of cadres and not allow a situation wherein a few persons or a single person have the say. Third, we must travel a mass line and not only select people on the basis of the feelings and perceptions of the leaders.

"Strengthen the Building of Socialist Spiritual Civilization" by Li Xinliang [2621 2450 5328]

In the great practice of building socialism with Chinese characteristics, material culture and spiritual culture permeate and promote each other. Both are indispensable elements. Comrade Deng Xiaoping, while guiding the whole party to centralize efforts in developing the productive forces, placed great stress on the building of socialist spiritual civilization, making a number of important expositions on this topic. In studying the *Selected Works*, we come to deeply understand that these

expositions by and requirements of Comrade Xiaoping have very great guiding significance in strengthening the building of socialist spiritual civilization in the new situation.

1. Uphold the dialectics of joint development of material and spiritual civilization.

The degree to which material civilization and spiritual civilization have been raised are two major indicators of human social progress. The socialism we want to build is socialism under which material civilization and spiritual civilization see joint development. It is because of this that Comrade Xiaoping has repeatedly stressed that we must uphold the policy of grasping with two hands and having a firm grip with both. On this question, for a very long period, we practiced "the omnipotence of the spiritual" and experienced very great suffering. After bringing order out of chaos, people detested empty prattle and respected the seeking of truth; this was undoubtedly progress. However, some comrades went to the other extreme and even abandoned lofty revolutionary ideals and the spirit of devotion. In studying Comrade Xiaoping's expositions on grasping with both hands, we have learned that, at the same time as upholding dialectical materialism and centralizing strengths in carrying out modernization, we must continually pay attention to strengthening the building of socialist spiritual civilization. In particular, in the current situation where we are establishing and developing a socialist market economy structure, while building spiritual civilization we must: Strengthen our initiative and bring it into play in a greater way; strengthen the building of party work style and clean government more consciously and firmly punish corruption; employ noble ideological culture and moral integrity in educating and guiding the masses; strongly publicize the spirit of understanding the overall situation, concerning oneself with the overall situation, and daring to devote oneself to the prosperity of the country and the happiness of the people; and we must advocate advanced ideas and actions, such as taking up cudgels for a just cause and finding pleasure in helping people, and so on. If we assign a high level of importance to this work and carry it out in an earnest manner, not only will it promote the smooth development of reform and economic construction but on the basis of new practice, we will be able to raise the building of socialist spiritual civilization to a new level.

2. Grasping the fundamentals, laying down a foundation and basing ourselves on educating and fostering the people.

The basic task in the building of spiritual civilization lies in fostering people. In this respect, Comrade Deng Xiaoping has made a series of penetrating judgements. He proposed that the basic issue is educating people and that our goal is to produce people who "have ideals and morality and who are cultured and disciplined." He noted that we must use Chinese history to educate young people and stressed that "China's development line

established by the Third Plenary Session of the 11th CPC Central Committee will require great efforts if it is to be upheld and, in particular, we need to educate the later generations." We need to seriously implement these ideas by Comrade Xiaoping and shoulder the work of fostering successors to the socialist cause.

To do well in the work of fostering and educating people, there are many aspects which need to be seriously improved. For example, in school education, in some areas, there is a serious imbalance between the stress placed on educational attainments and the inculcation of ideological and moral qualities. In some cases, children are, from an early age, kept in special places isolated from ordinary laborers. Also, some cultural publishing houses and mass broadcasting media, in their efforts to gain money, do not question whether something has socialist values or capitalist values. Further, guiding the broad number of young people to study revolutionary traditions and to get close to the industrial and agricultural masses, going deep into social practice and tempering themselves, has long been our way. However, suddenly no one seems to care about it now. If this situation continues to develop, we will not even be able to foster up-to-standard citizens, much less train socialist successors. In accordance with the requirements of Comrade Xiaoping, we must basically reverse this situation. Seen from work guidance by our leaders at various levels, the crux lies in truly overcoming short-term activities in grasping the building of spiritual civilization. Practice has proven that the period needed for fostering and educating people is far longer than the period needed for economic construction and the work is much more arduous. A cadre who is truly responsible to the party must, with the spirit of "taking 100 years to foster and educate people," make due contributions to training successors to the socialist cause.

3. Better implementing the duties of the armed forces in the building of spiritual civilization.

Comrade Deng Xiaoping has always placed his hopes in the People's Armed Forces. In the new historical period, he has repeatedly stressed that the Army must bring into play the old Red Army traditions, uphold the absolute leadership of the party over the Army, uphold the goal of uniting in heart and mind to serve the people, and maintain revolutionary ideals, revolutionary discipline, and the workstyle of arduous struggle. Since the beginning of reform and opening up, as they have seriously implemented these important directives by Comrade Xiaoping, the armed forces' work of building spiritual civilization has never relaxed. However, we must also soberly recognize that some of the negative influences in society will inevitably be reflected in the armed forces. Guiding the armed forces to maintain and strengthen a correct political orientation; to consciously obey the party; to safeguard the line, principles, and policies since the Third Plenary Session of the 11th CPC Central Committee; to establish a correct view of life and correct

values; and to guard against corrosion by capitalism and the various types of decadent ideologies and cultures, are still major tasks facing us.

In accordance with the new situation, while grasping the building of spiritual civilization in the armed forces, we must maintain high standards. Our Army, as an armed group for implementing revolutionary political tasks, has a sacred mission to provide security guarantees for reform, opening up and economic construction. This requires that at all times it must maintain a high degree of centralized unity. Thus, at the same time as guiding the armed forces to absorb nutrition through actively participating in revolutionary practice, we must clearly stress ideals, convictions, devotion, and opposition to the worship of money. While establishing a concept of competition which is in accord with the market economy, and urging people to be brave in pushing forward, we must strengthen education regarding the need for the individual to be subordinated to the organization and for the partial to be subordinated to the whole. At the same time as respecting individual material interests and strengthening the concept of results, we must strongly foster noble moral sentiments, including the spirit of self-sacrifice and devotion to public service. We must pay attention to overcoming vulgar exploitation of connections and establish comrade-style links of mutual assistance. In brief, the more reform is deepened, the more we need to use the "five types of revolutionary spirit" advocated by Comrade Deng Xiaoping and the "64-character spirit of innovation and progress" advocated by Comrade Jiang Zemin to educate the troops, so that the armed forces become a university for spreading the revolutionary spirit in the new period. We must use firm and strong action and implement the requirements of the leading comrades of the Central Committee and the Central Military Commission in that, in building spiritual civilization, the armed forces must walk in the front ranks of the whole society and thereby have the army carry out its due role properly in the building of socialist spiritual civilization.

Army Paper Calls For End to Lip Service

HK1006033894 Beijing JIEFANGJUN BAO in Chinese
2 Jun 94 p 1

[Commentator's article: "Solid Action Must Be Taken To Put Things in Practice"]

[Text] Since the 14th party congress, according to Comrade Deng Xiaoping's idea about building the armed forces in the new period, the Central Military Commission has made a series of important policy decisions on various aspects of troop building. Now, as the major principles and concrete requirements have all been explicitly formulated, the key lies in the earnest work of putting them into effect.

Putting what has been decided into effect is the key link of our work in all fields. The policy decisions and

principles laid down by the Central Military Commission, which were formulated on the basis of the practical experience, incorporate the wisdom of the masses and give expression to the objective laws governing the work of troop building in the new period. They are derived from practice, and should be returned to practice and be implemented in our work in all fields. Only thus can they play a guiding role and eventually enable us to achieve the purpose of our work. If the policies, principles, and guidelines only exist at meetings, in documents, and people's remarks, then they may not play any guiding role as they should no matter how good they are. In general, the situation of ensuring effective implementation of policies and principles is good in various units; however, formalism and red tape still exist in a small number of units, where routine ideological work and troop management are not effective enough. One phenomenon is particularly noteworthy. That is, some comrades only pay lip service to the necessity of putting what has been decided into effect, but their deeds vary from their words. Actually putting what has been decided into effect is a pressing task of the moment in order to strengthen troop building in all aspects under the new situation.

This is no easy matter, and requires painstaking efforts in many aspects. It is necessary, first of all, to adopt a correct guiding principle for our work. Is our work in troop building only aimed at showing something nice to upper leaders and thus seeking fame, or at actually enhancing the combat effectiveness of troops? The answer should be self-evident. However, some comrades did not adopt a correct approach to it in their practical work. The correct attitude is to work in a down-to-earth manner of being responsible to the party and the troops without evading problems and difficulties and without seeking fame for oneself and thus make painstaking efforts to achieve solid results every step of the way.

It is necessary to actually transform the style of work. We should work in a down-to-earth manner and advance steadily step by step to achieve solid results. We should actually go among the troops, do earnest work, speak honestly, and achieve real results. The window-dressing practice must not be continued, and there should be no more lip-service. The activities of courtesy should be substantially reduced, and unnecessary paperwork and red tape should be resolutely removed. No unrealistic slogans should be created, no unfeasible targets should be formulated, and no meetings irrelevant to implementation of the set policies and measures should be held.

It is necessary to keep a healthy state of mind. All cadres, especially leading cadres, should have a strong sense of responsibility for the cause of revolution and really concentrate their attention on troop building. They should be so absorbed in the work of troop building as to forget food and sleep while expected results are not achieved, and should be firmly resolved to achieve successful results and never give up halfway. They must seek no comfort and fear no hardships in their work, and must give no consideration to personal gains and losses

while working perfunctorily. They must adhere to the high standards for troop building, and must bring their initiative and creativity into full play.

It is necessary to improve working methods. Attention should be paid to coordination, and priority should be given to the settlement of the principal contradiction. It is inadvisable to deal with all problems at the same time, because this will just make the troops work in a rush and get into a muddle. It is necessary to explicitly affix responsibilities to each level from top to bottom so that all people may perform their duties in an orderly manner. Effective measures for troop management should be maintained. For example, superficial activities among leaders [shang ceng huo dong 0006 1461 3172 0520] should be reduced, guidance should be given to various units according to their specific conditions. The practice of assigning leading cadres to various responsible positions in subordinate units in order to acquire work experience should be continued, and concrete guidance and assistance should be given to grass-roots cadres so that they may continue to improve their ability to put what is decided into effect and create more favorable conditions for fulfilling the tasks.

An important factor for putting what is decided into effect is the condition of grass-roots units. A good condition of the grass-roots units is the foundation for achieving good results in all aspects of troop building. At present, efforts should be made to ensure the implementation of the "Program for Building Grass-Roots Military Units." Since the promulgation of the revised program, all units have earnestly studied and implemented the document according to the spirit of the all-Army discussion meeting on political work at the grass-roots level, and the overall situation in this regard is quite good. However, this is just a beginning, and many issues have yet to be considered and solved. We must never think that we have almost completed everything in the implementation of the program after holding a meeting, issuing documents, and relaying the instructions of the upper leaders. We should be fully aware that in order to meet the general requirements of "measuring up to standard politically, mastering military skills proficiently, maintaining a fine style of work, enforcing discipline strictly, and guaranteeing effective logistics support" set forth by Chairman Jiang Zemin, the grass-roots party branches must be really "enhancing their quality and playing their role," and the leading organs should actually give guidance to the grass-roots units according to the requirements of the program while the grass-roots units are making self-enhancement. Thus, all people from top to bottom will have to do a great deal of work, and will have to make great efforts to put what has been decided into effect. According to instructions of the Central Military Commission leaders and the actual conditions of the troops, the leading comrade of the General Political Department reiterated the 10 requirements for the leading organs to serve grass-roots units. Leading organs at all levels must act in light of the 10 requirements and promote better implementation of all

tasks in grass-roots units through their earnest and wholehearted work of serving them.

When talking about the implementation of the program, Chairman Jiang Zemin pointed out: "All units must ensure the implementation and must make comprehensive progress in troop building at the grass-roots level." This is also the requirement for the implementation of the program and for troop work in all fields. We must positively respond to Chairman Jiang's call, take Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics as the fundamental guideline, really create a healthy atmosphere for putting what has been decided into effect in the whole Army, actually guarantee implementation of the important policy decisions of the Central Military Commission, and continuously advance troop building in all aspects.

Military Marks Communications Project's Completion

OW0806105294 Urumqi Xinjiang Television Network
in Mandarin 1330 GMT 7 Jun 94

[From the "Xinjiang News" program]

[Excerpt] On the afternoon of 6 June, the Xinjiang Military District held a ceremonial meeting at the Bayi [1 August] Club to sum up the Lanzhou-Urumqi optical cable communications project and to commend those involved in the project. Those attending the meeting included Fu Bingyao, deputy commander of the Lanzhou Military Region and commander of the Xinjiang Military District; Pan Zhaomin, deputy political commissar of the Lanzhou Military Region and political commissar of the Xinjiang Military District; Wang You-san, vice chairman of the Xinjiang Autonomous Region; and officers and men taking part in the construction of the project.

At the meeting, Zhou Yongshun, deputy political commissar of the Xinjiang Military District, read the military district's circular to commend and record announcements of merit for nine units and 10 individuals. Heads of the military district and leaders of Xinjiang presented awards to the units and individuals who rendered meritorious service and presented silk banners and keepsakes to units taking part in the construction of the project. Fang Denghua, deputy commander of the Xinjiang Military District and commander in chief of the optical cable communications project, summed up the project. He said: The Lanzhou-Urumqi optical cable communications project is a key state project of the Eighth Five-Year Plan and a part of the continental communications bridge connecting Asia and Europe. Completion of the project has great significance for China's reform and opening up, for invigorating the economy of northwest China, for accelerating Xinjiang's development, and for preserving Xinjiang's social stability. The Xinjiang Military District dispatched nearly 10,000 officers and men and more than 600 vehicles and other equipment to dig trenches for laying the 880-km long optical

cables. The troops taking part in the construction work, in keeping the overall situation in mind, earnestly practiced the five kinds of revolutionary spirit advocated by Comrade Deng Xiaoping and the 64-character enterprising spirit advocated by Comrade Jiang Zemin. They worked diligently under extremely difficult conditions, which enabled them to complete the project 45 days ahead of schedule and thus accomplish a miracle in the construction of the country's communication projects. [passage omitted]

Economic & Agricultural

Wan Li Meets Anhui Peasants

HK1006015894 Beijing NONGMIN RIBAO in Chinese
5 Jun 94 p 1

[By staff reporter Wang Tai (3769 1132): "Eternal Feelings, Profound Concern—Record of Wan Li's Conversation with Yan Hongchang, a Peasant From Xiaogang"]

[Text] Time: The morning of 9 May 1994

Venue: Fengzeyuan, Zhongnanhai

Comrade Yan Hongchang, chairman of the board of directors and general manager of the Xiaogang General Agriculture, Industry, and Commerce Business Company of Fangyang County, Anhui Province (former deputy leader of the Xiaogang production team who took the lead in making comprehensive production contracts) and Comrade Song Fuhao, deputy general manager of the company, accompanied by Comrade Zhang Guangyou (former chief editor of NONGMIN RIBAO), visited Comrade Wan Li.

While Comrade Wan Li was happily shaking hands with them, Comrade Zhang Guangyou asked Comrade Wan Li: "Do you still remember him? This (pointing at Yan Hongchang) is Yan Hongchang, former deputy leader of the Xiaogang production team who took the lead in making comprehensive production contracts on a household basis in the past."

[Wan] Be seated, be seated!

[Yan] All the peasants in Xiaogang miss you. They have asked me to pay you a visit! You supported us in making production contracts on a household basis. At present, we all have enough to eat and are having a comfortable life. We thank you from the bottom of our hearts and we all long to see you again!

(On the afternoon of a certain day in the first lunar month of 1979, 15 years ago, Yan Hongchang and others held a meeting with 18 peasant households of the Xiaogang production team and adopted three "rules" including making comprehensive production contracts on a household basis. The Xiaogang production team and Fangyang County, in which the production team was located, took the lead in rural reform in China. Comrade Wan Li was secretary of the Anhui Provincial CPC

Committee in January 1980. On hearing what had happened, he was deeply moved by the peasants of Xiaogang. He immediately went to Xiaogang to carry out an inspection. He made enquiries from door to door and affirmed the practice of the Xiaogang production team. He said: "I agree with what you have done. The Prefectural CPC Committee has given approval for you to have production contracts for three years, and I will give approval for you to have production contracts for five years. As long as you can make greater contributions to the country, retain more funds for the collectives, and improve the living standard of the commune members, you will not be regarded as 'turning the clock back' even if you continue with your contracts all your life.")

[Zhang] When I went to Xiaogang the year before last, the peasants there asked me to take an old hen to you. I told them it was not necessary because you could easily get one. Besides, it was inconvenient to carry it.

[Wan] How is the life of the people in Xiaogang?

[Yan] Not bad. Much better than the days you visited them. They all have enough to eat.

[Wan] Do they all eat flour and rice?

[Yan] They can afford rice and flour now.

[Wan] Can they afford meat?

[Yan] They can buy it whenever they want to.

[Wan] How about clothing?

[Yan] They have enough to wear and are wearing better clothes.

[Wan] How about their living conditions? Have they all moved into new houses? How many thatched cottages remain?

[Yan] Eighty percent of the people are living in brick houses, but there are still a small number of thatched cottages.

[Wan] What is the per-capita income?

[Yan] The per-capita income was over 800 yuan last year.

[Wan] That is still much too little! It would be okay to have 2,000 yuan. In addition to food and clothing, they should at least have a purchasing power of 1,000 yuan. Without such a purchasing power, it is impossible for the market to flourish. Foreigners say China is a vast market. China's population mainly consists of peasants. How can this market be vast if the peasants' purchasing power is poor? We cannot depend on cities alone. Therefore, I hope you all will become rich and hope all peasants of the country will become rich, live a comfortable life, and have much more income.

Do they all have television sets now?

[Yan] Yes, they do.

[Wan] Color ones?

[Yan] All except those of two households are black and white television sets.

[Wan] Too few. What is the per capita amount of land for the team?

[Yan] Over three mu.

[Wan] That means that net income per mu is only 200 yuan strong. They cannot become rich by relying on farming alone.

[Zhang] At present, the income from growing grain is too little. The cost of growing grain is high, but the price of grain is low. In some localities, the income from growing a mu of grain is not so much as the price of one jin of crabs. The price of one jin of crabs on the market is 150 yuan and that of a soft-shelled turtle is also 150 yuan. It is impossible to become rich by relying on farming alone ...

[Wan] Only if an able-body peasant can grow 50 mu of grain will it be possible for his income to exceed 10,000 yuan. It is impossible for an able-body person growing eight to ten mu of grain to become rich. How many illiterate people are there in the production team?

[Yan] All children go to school. Quite a lot of grown-ups are illiterate, about 50 percent. Almost all people over 40 are illiterate.

[Wan] You must pay attention to training qualified personnel. Only by properly grasping education can there be an outlet. The issue of qualified personnel is very important. You must attach importance to education and to the training of qualified personnel. In the final analysis, whether or not production can develop and whether or not the economy can grow are determined by the quality of the people.

You can establish ties with Shanghai and other developed areas and send people to work there on contracts that last two to three years in an organized manner. In this way, you can earn money and learn technology at the same time and you can train qualified personnel.

Have you set up some companies? What business do they do?

[Song] We have just started. Our foundation is poor and we have little to start with. We can only undertake some small projects first.

[Wan] You cannot earn much this way. Is the burden in your place heavy?

[Yan] We use minibuses to transport passengers and can earn more than 20,000 yuan a year. This can offset the amount to be handed over to the state by all the people of the village. Therefore, we do not find our burden heavy.

[Wan] What about that of the peasants in other villages?

[Yan] The burden of those without income other than farming is heavy.

[Wan] What is the annual output value of township and town enterprises of Fengyang County? Has it reached 500 million yuan? You may not know.

[Zhang] No, we do not. Fengyang County had a poor foundation to start with and does not have many channels for developing industry. The county does not have products that sell extremely well. Nor does it have industries which can promote the development of other industries.

[Wan] "Without agriculture, we cannot have stability and without industry, we cannot become rich!" We must develop industry and properly run township and town enterprises. Dingyuan, Fengyang, and Jiashan were all poor counties in the past. How are they at present?

[Zhang] Dingyuan has a salt mine and Jiashan has a brewery. Both are large projects. Fengyang has rich quartz deposits. You mentioned it several times when I accompanied you there in the past, but nothing has yet been achieved.

[Wan] Fengyang originally had a spectacles plant, isn't that so? How is it at present? I read from NONGMIN RIBAO that there is a county in Henan which has quickly become rich by breeding loaches. There are indeed many ways to become rich. Provide the peasants with more information. You must look for ways to become rich on your own initiative.

I favor taking the proper way to develop the economy. You should carry out good projects. You can have a comfortable life once the economy is developed. [Yan] The people of Fengyang and Xiaogang miss you and hope you will visit Fengyang again. Come to have a look at Xiaogang. Great changes have taken place.

[Wan] Well, well. I will go once you have properly fulfilled your tasks.

[Yan] The county government has set up a small decorated archway at the entry to Xiaogang Village and hopes you will write an inscription for it.

[Wan] No, I will not! I do not favor formalism. I will not support flourishes, building temples or tombs, or other similar things. You should earnestly do a good job in production.

[Song] We understand. When we go back, we will properly carry out our work and we shall make reports to you again after we have made achievements.

[Wan] No need to report to me. Seize the time and work earnestly.

[Yan] Revered Wan, can we have a photo taken as a memento?

[Wan] Well, all right. (Comrade Wan Li straightened out his clothes and had two photos taken together with three of them.)

Finally, Comrade Wan Li shook hands with Yan Hongchang and the others and bid them farewell. He saw them off outside the door and waved to them.

Measures for Macroeconomic Control in 1994

HK1006080094 Beijing LIAOWANG in Chinese No 17, 25 Apr 94 pp 5-7

[Report by staff reporter: "General Measures for Macroeconomic Regulation and Control in 1994 Put Forward by the Project Team for the Analysis and Forecasting of Economic Situation Under the Institute of Quantitative and Technical Economics of the Chinese Academy of Social Sciences"]

[Text] The rapid development of the economy and the successive introduction of various reform measures have attracted people's enthusiastic attention, as never before, to the orientation, force, and actual effects of the macroeconomic regulation and control policy. The appearance of this pleasing phenomenon not only demonstrates a deepening of people's understanding of the connotation of establishing a socialist market economy structure, but also reflects people's strong demand for a healthy, sustained, and rapid development strategy for the national economy, having suffered several economic fluctuations. Recently, the experts and scholars of the project team of the Institute of Quantitative and Technical Economics of the Chinese Academy of Social Sciences' which is devoted to analyzing and forecasting the economic situation, (hereafter referred to as the Project Team) have studied this issue. Their principal viewpoints are excerpted in the following.

Considering that the 1994 economic growth rate remains at a rather high level, the general measure of macroeconomic regulation and control should be the policy of a "soft landing."

The Project Team believes that the policy of appropriate retrenchment, which was implemented in June and July of 1993, has obtained a certain effect. It will cause the 1994 economic growth rate to fall back somewhat. However, currently the investment growth rate, currency growth rate, etc., are still too high, and the balances of financial income and expenditures and of foreign trade, and so on, have not fundamentally improved. Therefore the 1994 economic growth rate will still remain at a relatively high level. Reasons for this are:

1. Investment will remain fairly large-scale. Large numbers of newly started projects of the past two years need to continue, so that the scale of projects under construction is rather large, while at the same time, some new important projects are waiting to be launched. The adjustment and optimization of the industrial structure, and the intensified construction of infrastructure and basic industries still require the input of large amounts of

funds. People's savings deposits continue to increase in large quantities, and the banking system—after consolidation—also has a fair concentration of capital. This has provided investment with domestic sources of funding. The investment of foreign businesses is now at a second peak. The first peak was between 1985 and 1988, during which the growth rate of foreign capital used was 30-48 percent of the fixed-asset investment growth of society as a whole. Beginning in 1992, the second peak of foreign investment occurred. The growth rate achieved by foreign capital reached 44.5 percent. Currently, economic revival in the world's major industrial countries is weak, and large quantities of capital are looking for new locations to invest. The social, political, and economic situation in China looks good and offers advantageous conditions to attract foreign capital. In this foreign investment peak, foreign investment is not limited to the coastal regions only, but has penetrated to the interior. It has not been restricted to processing industries, but has expanded to infrastructure and basic industries.

2. The people's consumption demands will increase steadily. In the last two years, the people's income level has seen a new rise, the consumption structure also is attaining new heights, and the need for choices in shopping has strengthened further. These are intensifying and rejuvenating competition in the consumer goods market, which was sluggish a few years ago when economic growth was at a low point. The increase in people's consumption will promote growth in industries and tertiary industries.

3. Beginning in the latter half of 1993, the contradiction between supply and demand in transportation, energy, and certain major raw materials was somewhat alleviated. In 1994, viewed from the perspective of the production capacity and import-export adjustment of these bottleneck departments, a GNP growth rate of around 10 percent likely will be sustained.

4. If a certain speed of growth is maintained so that the economic growth rate falls back smoothly, a large drop between two years can be avoided. This is beneficial for ironing out economic fluctuations and can prevent major chain reactions and shocks between various links of social reproduction as a result of excessive slide.

Based on these analyses, the general measure of macroeconomic regulation and control in 1994 should be one of "soft landing," that is to say, an appropriate retrenchment policy—neither forceful expansion, nor total retrenchment. One must be very cautious of the weight of macroeconomic regulation and control. The major economic indicators of macroeconomic regulation and control should be set as follows: The GNP growth rate should be controlled at around 10 percent and the industrial output value growth rate at around 16 percent. Fixed-asset investment of society as a whole should be set at around 1.36-1.4 trillion yuan, with a 20 percent nominal increase over 1993. Deducting the price-rise factor, the actual increase should be at around 12 percent, which is slightly higher than the GNP growth rate,

but slightly lower than the industrial growth rate. Newly increased loans should be set at around 550 billion yuan, an increase of around 20 percent over 1993. New increases in issuing currency should be set at around 100 billion yuan, with an increase of 17 percent over 1993.

Given the soft restraints of structure and the hard restraints of bottlenecks, it is a fundamental measure of long-term significance to change the structure, readjust the industrial structure, and strengthen bottleneck departments. Since reform and opening to the outside world, compared with before, China's economic fluctuations have seen profound changes in certain respects, while in other respects, no fundamental changes have occurred. The Project Team believes that the changes that have occurred include:

In terms of the nature of the fluctuations, the past domination of a classical fluctuation has changed to the domination of a growth-type fluctuation. The so-called classical fluctuation implies that in a period of economic contraction, major economic indicators such as the GNP, national income, or gross industrial output value, all demonstrate a drop in absolute volume, i.e., negative growth. The so-called growth-type fluctuation implies that in a period of economic contraction, major economic indicators do not demonstrate a drop in absolute volume, but show a slowdown in growth rate. This change in the nature of economic fluctuations indicates that China's economic development has acquired a stronger power for growth and for combating decline. The scale of the fluctuations obviously has been reduced. This indicates that China's economic development has gained a certain degree of stability. It also indicates that the government has made great progress in deciding the direction and force of macroeconomic regulation and control. In terms of the generating mechanism for industrial fluctuation, the role played by state-owned industry already has been reduced, while the role played by non-state-owned industries grows stronger day by day. In industrial fluctuation, non-state-owned industries already have become the leading wave. In terms of the generating mechanism for investment fluctuation, with the diversification of investors, investments from independently raised funds and from bank loans already have become the leading wave in investment fluctuation. In terms of transmitting information on the fluctuations, price signals have begun to play a role.

In the following two important aspects, however, no fundamental changes have occurred. One is the soft restraints of the structure. Viewed from China's economic fluctuations in the past, the source of the investment scale inflating out of line with the country's capacity lies in the traditional planned economic system, which lacks responsibility and control mechanisms. The problems created by the high-speed economic growth rate in the first half of 1992 are rooted in the delayed reform of the investment, banking, and fiscal and tax systems, and the delayed reform of state-owned enterprises. That is to say, the "chaos" in the economic order caused by structural factors is the root of economic

"overheating." Therefore, the basic solution is to accelerate both reform and the pace of building a socialist market economy structure. The Project Team believes that whether or not the "soft landing" of 1994 can succeed, and whether or not the economy can grow steadily will be an objective test of whether these reforms are successful.

The second aspect is the hard restraints of bottleneck departments. Viewed from China's economic fluctuations in the past—apart from political, structural, and policy factors—as far as the material factors are concerned, most economic expansions eventually have had to slow down because of the hard restraints of such bottleneck departments as agriculture, transportation, energy, and important raw materials. Therefore, an important step to iron out economic fluctuations, raise the efficiency of the entire national economy, and guarantee the sustained and steady growth of the economy is to make great efforts to readjust the industrial structure and to fundamentally break through the hard restraints of these bottleneck departments.

The Project Team points out that in light of historical lessons, what is worth mentioning is that one must not misunderstand this alleviation of problems as success in adjusting the industrial structure, or that bottleneck restraints no longer exist. There are two types of adjustment of industrial structure: one is adaptive adjustment with only short-term significance, i.e., after the high-speed expansion of the economy, the proportionate relations among various departments are temporarily balanced on a lower demand level by suppressing demand. When the next round of high-speed expansion takes place, this balance is quickly broken again. The other type of industrial structural adjustment is a fundamental adjustment with long-term significance, i.e., to persistently strengthen the construction of bottleneck departments and fundamentally break through the restraints of bottlenecks, hence pushing forward the growth of the entire national economy.

The various cost pushes generated by price adjustments and price deregulation during the transition to a market economy still objectively play a considerable role in commodity price increases. Thus, controlling both investment expansion and the over-issuing of currency becomes a crucial link.

To forecast price trends during 1994, one first must analyze the major causes of price increases during 1993, and then see if these causes are still operating in 1994, and to what degree. There were four major reasons for price increases in 1993: The first was a long-term deep-level cause, namely, the transition from the original planned economy to a market economy, which inevitably brings price increases. The second is the direct influence of price adjustments and deregulation. The third is the demand-push by investment expansion and the over-issuing of currency. The fourth is the chaos in economic order, especially the influence of the chaotic banking order on price increases.

In 1994, the fourth cause mentioned above is being resolved. The first and second causes, namely, the various cost-pushes generated by price adjustments and deregulation in the transition to a market economy, will still objectively play a considerable role in pushing prices up. The remaining, third cause, namely, the demand-push of investment expansion and the over-issuance of currency thus has become a crucial link. This is where we will see the effect of macroeconomic regulation and control in 1994. If, in exercising macroeconomic regulation and control in 1994, we can appropriately curb investment expansion and the over-issuance of currency so that the economic growth rate can be brought down a little, then the scale of price increases may be reduced somewhat. On the other hand, if the growth rate of investment and currency, and of the whole economy, bounce back too early and too high, then the scale of price increases will increase even further on the basis of the first and second causes.

Seminar Advocates Foreign Funds for State Enterprises

*HK1006080694 Hong Kong TA KUNG PAO in Chinese
2 Jun 94 p 7*

["Special dispatch": "Economic Seminar Held in Hangzhou Proposes Using Foreign Capital To Reform State-Owned Enterprises"]

[Text] Hangzhou, 1 Jun (TA KUNG PAO)—Mainland China's reform and opening up has already entered a new period, and the way to invigorate and properly run state-owned large and medium-sized enterprises has become a focus of attention. From 27 to 30 May, the "Seminar on Use of Foreign Capital To Reform State-Owned Enterprises and on the 'China Strategic Investment Limited' Phenomenon," was held in Hangzhou, nearly 100 experts and scholars from Chinese government departments, economic circles, and news circles gathered together to seek proper ways to reform state-owned enterprises and discuss the advantages and disadvantages of the joint reform efforts by Hong Kong's China Strategic Investment Limited and the mainland's state-owned enterprises in recent years. They unanimously thought that one effective ways to invigorate state-owned enterprises is to use foreign capital to reform them.

The seminar was jointly proposed and organized by the Zhejiang Province Committee for Restructuring Economy, Zhejiang's GAIGE YUEKAN [Reform Monthly], and ZHEJIANG JINGJI BAO. Among of those attending the seminar were An Zhiwen, president of the Society for Research on Restructuring the Economic System; Wang Yuzhao, Standing Committee member of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] and vice chairman of the Economy Committee of the CPPCC; Liu Guoguang, vice president of the Chinese Academy of Social Sciences; Yang Qixian, vice president of the Society for Research on Restructuring Economic

System; Huang Daoxia, researcher at the State Council's Development Research Center; and economics professors and theorists from various universities, including Fang Sheng, Wang Jue, Zhong Mingrong, Wei Jie, and Liu Wei, in addition to journalists from some 20 central, provincial, and city news organizations. Yang Bin, vice chairman of Zhejiang Province People's Congress, Hangzhou Mayor Wang Yongming, and Lu Yongxiang, member of the CPC Central Committee and president of Zhejiang University, also attended the seminar.

Huang Hong-nien, chairman of the board of directors of China Strategic Investment Limited in Hong Kong, and the persons in charge of the joint-venture enterprises set up by the company on the mainland, also came to the seminar to hear expert opinions and give briefings on the great changes in joint-venture enterprises after their company injected funds into them. They cited a series of figures and facts to illustrate that importation of foreign capital has not only enabled state-owned enterprises to change mechanisms, but also promoted technological transformation and reform of management systems in the enterprises, aroused workers' enthusiasm for production, and enabled enterprises to swiftly stop losses, earn profits, and have marked economic returns.

Wei Jie, a professor from the People's University of China, fully affirmed the "China Strategic Investment Limited phenomenon" from the perspective of development of productive forces. He pointed out that when the shares of state-owned enterprises are controlled by foreign investors, state assets, enterprises, entrepreneurs, and the labor force have their positions fixed, then the big problem which has hindered state-owned enterprises for a long time, namely mixing up of government and enterprises and separation of authority and duty, has been solved.

Professor Wang Jue from the Central Party School thought that the "China Strategic Investment Limited phenomenon" is not accidental, but is an inevitable phenomenon in the course of deepening of reform of state-owned enterprises. An absolute majority of the state-owned enterprises taken over by China Strategic Investment Limited for reform have cast off poverty and embarked upon the road of development and have changed losses to profits; this is good for individuals, collectives, and the state as well, and this has provided a lot of enlightenment about the reform of state-owned enterprises. He also said that the reform of state-owned enterprises is now an urgent task, and that if initiative is still not actively taken, then many state-owned enterprises will collapse. After carrying out enterprise reform, other steps such as financial and taxation reforms must be swiftly implemented, otherwise the functions of enterprises after reform cannot be further developed.

Wang Yuzhao, vice chairman of the CPPCC Economic Committee, said when he addressed the seminar that the crux of the current difficult situation of state-owned enterprises is a system problem and the basic way out is a reform of the system. Therefore, borrowing the strong

points from the enterprises under non-state-owned system, especially non-public-owned system, to reform state-owned enterprises, should be an important way to invigorate state-owned enterprises. The "China Strategic Investment Limited phenomenon" is precisely this kind of exploration and creation. Its practice has helped enterprises clarify property rights, promoted separation of government from enterprises, expedited enterprise technological transformation, upgraded the degree of enterprise participation in the international market, and, at the same time, maintained a dominant position of party work. At present, society has different opinions on the "China Strategic Investment Limited phenomenon," but this situation is not strange at all. Since reform and opening up, no innovative practice has avoided causing controversy and criticism. However, an innovation which has real vitality is not afraid of controversy and criticism.

During the seminar, the experts and scholars also visited China Strategic Hangzhou Brewery Company Limited and China Strategic Hangzhou Rubber Company Limited, to examine the changes and benefits brought about by importation of foreign funds to these enterprises.

XINHUA Carries 'Economic News in Brief' 10 Jun

OW1006022894 Beijing XINHUA in English 0156
GMT 10 Jun 94

[Text] Beijing, June 10 (XINHUA)—Today's economic news briefs:

Coca-Cola Company Builds New Joint Venture

Construction of a joint venture between two Chinese companies and the Coca-Cola Company of the United States began on June 8 in Harbin, the capital of northeast China's Heilongjiang Province.

The venture, the Harbin Coca-Cola Company, will be built at a cost of 22 million U.S. dollars. When completed in 1995, it will be capable of turning out 20,000 tons of drinks a year.

Sino-ROK Trade Soars

Two-way trade between China and the Republic of Korea (ROK) soared to 9.08 billion U.S. dollars in 1993 from 3.8 billion dollars in 1990, according to a leading official of the Beijing office of the Korea Trade Promotion Corporation.

ROK investments in China shot up to 9.6 billion dollars from 80 million dollars in 1991, the official said.

He predicted that Sino-ROK trade will rise to 28 billion dollars in 1997.

Inner Mongolia Promotes Agricultural Development

Since 1989 the government of the Inner Mongolia Autonomous Region has spent 800 million yuan

upgrading 270,000 hectares of low-yield farmland, reclaiming 67,000 hectares of wasteland and planting trees on 45,000 hectares.

As a result, the region has increased its grain production by half a million tons a year.

More Economic Briefs

OW1006042194 Beijing XINHUA in English 0308
GMT 10 Jun 94

[Text] Beijing, June 10 (XINHUA)—Today's economic news briefs:

Free Trade Zone in Shanghai Successful

The Shanghai municipal authorities have approved the establishment of 944 enterprises in the Waigaoqiao Free Trade Zone, involving a total investment of 2.19 billion U.S. dollars.

Of these enterprises, 87 are being built by multinational companies at a total cost of 1.32 billion U.S. dollars.

The zone, which opened in April 1993, currently has 50 warehouses, nine commodities exhibition halls and one market for capital goods, such as steel and other raw materials.

Jilin Province Has More Urban Telephones

North-east China's Jilin Province now has 1.01 million telephone sets in urban areas, nearly 18 times the number of 1980. About 96 percent of these sets are operated via program-controlled switchboards.

The availability of telephones in urban areas has shot up to ten percent of households from 1.5 percent in 1984.

Chinese, French Companies Building Waterworks

Work began on a Sino-French joint waterworks venture on June 7 in Harbin, the capital of north-east China's Heilongjiang Province. When completed at the end of 1995, the venture between the Harbin City Public Utilities Bureau and a French company will be able to provide 225,000 tons of water daily.

Government Funds, Subsidizes Coal Industry

HK0906113894 Beijing RENMIN RIBAO in Chinese 5
Jun 94 p 2

[Article by Fei Weiwei (6316 0251 0251): "The Party and Government Are Concerned About Coal Enterprises' Difficulties; Help Them Clear Up Debts"]

[Text] According to the Ministry of Coal Industry, serious defaulting by users of coal for some time have caused funding tensions among coal enterprises and have rendered a small number of these enterprises unable to pay their employees' wages. The party Central Committee and the State Council have attached great importance to and shown great concern for the coal

industry's plight, listened to many reports from the Ministry of Coal Industry, and adopted a series of effective measures one after another, thus alleviating funding tensions among coal mines to a great extent.

The measures included: 1) The state allocated 4 billion yuan in loans and funds to help coal enterprises clear payments defaulted on by users. So far 2.2 billion yuan has been collected. 2) The state appropriately lowered value-added tax rate on coal enterprises; thus, the value-added rate on coal products has dropped from 17 percent to 13 percent. Moreover, state financial departments offered an additional 1.71 billion yuan in subsidies to prevent an increased tax burden on key state-owned coal mines. 3) Coal prices were raised appropriately. 4) Settlement methods for payments for coal were changed to avoid the occurrence of new debts, while previous debts have just been cleared up. 5) The state will continue to provide coal mines with 2 billion yuan in loans at discount interest rates and will support coal enterprises in developing diverse economic undertakings and tertiary industry and finding jobs for excess personnel.

Thanks to support given by the state and efforts exerted by coal enterprises' employees, the reform of China's coal industry has maintained a good momentum and has continued to advance. From January to May this year, the country's raw coal output amounted to 416 million tonnes, an increase of 2.18 percent over the same period last year, and the demands placed on coal by the rapid growth of the national economy was thus guaranteed; the number of deaths and injuries in the country caused by mine accidents this year dropped by 0.6 percent from the corresponding period last year; and the fulfillment of targets to reduce losses and increase profits has continued to improve steadily month after month.

World Bank Aids Largest Waste Disposal Landfill Site

OW1006054794 Beijing XINHUA in English 0306
GMT 10 Jun 94

[Text] Beijing, June 10 (XINHUA)—China's largest garbage disposal site has been completed in Changping, a northeastern outskirt county of Beijing.

Covering an area of 70 hectares, the landfill site was prepared with World Bank loans of 2.53 million U.S. dollars. It has the capacity to bury 2,000 tons of garbage every day, one-fifth the city's total daily refuse needing disposal.

After the site is filled up 11 years later, the area will be afforested to prevent it from polluting the environment.

Beijing To Invest in Roads in Poor Areas for 7 Years

OW1006061394 Beijing XINHUA Domestic Service in
Chinese 0513 GMT 8 Jun 94

[By reporter He Tianwen (0149 1131 2429)]

[Text] Guiyang, 8 Jun (XINHUA)—According to information released by a national seminar on aiding the poor through transportation and communication projects held by the Ministry of Communications in Guiyang recently, the state will invest 1 billion yuan annually—for a seven-year period starting this year until the turn of the century—to provide relief in the form of jobs on key highway construction projects in 21 provinces and autonomous regions in west-central China to change the backwardness of impoverished areas.

Since reform and opening up, particularly since the mid-eighties, transportation and communication departments have, with the full support of the state, built more than 44,000 km of new highways which were up to prescribed grades and standards, and more than 42,000 km of new roads for use by farm machines. They have repaired more than 64,000 km of off-grade highways, built over 8,500 new bridges, harnessed more than 700 km of waterways, and connected over 1,500 towns and townships and more than 10,000 administrative villages by highways. These projects have played an important role in developing the economy of poverty-ridden areas and in solving people's food and clothing problems.

Nevertheless, more than 1,700 towns and townships and over 17,000 administrative villages nationwide have not yet been connected by highways and thus are inaccessible by car. Most of these townships and villages, which are not connected by highways, are located in poor areas in west-central China. Accordingly, the State Council has decided to use newly allocated work-relief funds this year, mainly to launch communications projects in impoverished areas. Working around the central task of economic development, the state will build roads leading to townships, interconnected highways, highways leading to rural trade fairs and commodity distribution centers, and "truncated" highways [highways cut short and diverted to other directions], while paying equal attention to the problem of drinking water for human and animal consumption in areas with serious water shortages.

A relevant responsible person from the State Council's Leading Group for Aid-the-Poor Projects noted: The state's investment of massive work-relief funds to improve communications conditions in poverty-stricken areas is an important part of our country's key "87" aid-the-poor program [a program under which 80 million households will be lifted out of poverty within seven years]. Therefore, we should genuinely stress investment returns, ensuring that every road which we start building will be completed, and that every road which we build will lead to prosperity. We must not rush headlong into action and start projects indiscriminately.

Labor Disputes Occurring in Foreign-Funded Enterprises

HK0906063994 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0648 GMT 2 Jun 94

["Special article" by reporter Shao Ling (6730 7227)]

[Text] Hong Kong, 2 Jun (ZHONGGUO TONGXUN SHE)—In view of the fact that the legitimate rights and interests of workers and staff of foreign-funded enterprises are ignored and infringed upon, the mainland's All-China Federation of Trade Unions has repeatedly called on foreign-funded enterprises to make proper arrangement for working hours and respect worker and staff personal freedoms. Not long ago, labor disputes repeatedly broke out in foreign-funded enterprises, and some workers and staff even went on strike. Hence, the National People's Congress (NPC) started deliberating the "Labor Law" from April and is prepared to push the establishment of trade unions in foreign-funded enterprises within this year with a view to developing them into buffer organizations safeguarding worker and staff rights and interests and settling labor disputes.

It was reported that from 1979 onwards, there are a total of more than 170,000 foreign-funded enterprises (including joint ventures, Sino-foreign cooperative enterprises, and enterprises solely invested by foreign businesses) with a real investment of \$60 billion by Hong Kong, Taiwanese, and overseas businesses. It should be said that these foreign-funded enterprises have played a very great role in the mainland's economic construction and employment and brought about economic prosperity in various localities.

However, foreign-funded enterprises have also caused many problems. In recent years, cases of employer infringement of workers' rights and interests and personal freedom frequently occurred. For example, in a Taiwanese-funded shoe-making factory in Fujian Province, Taiwanese businessmen surnamed Chang and Chen tied up and violently beat a female worker surnamed Yu who had stolen two pairs of shoes. Later, they even put the shoes up around her neck before the public and then locked her in a big iron cage, thus arousing public indignation. In another example, a piece of jewelry was lost in a joint-venture jewelry factory in Zhangjiang Township in Shanghai's Pudong New Area, the boss went so far as to order all female workers to take off their clothes so body searches could be made. In another case, a foreign-funded factory in Tianjin went so far as to issue "toilet-going cards" to workers and staff and stipulated that every worker could only go to the toilet for five minutes and anyone violating this rule would be fined. All these cases were violations of worker and staff personal dignity which contravened mainland labor decrees.

Meanwhile, foreign employers of foreign-funded enterprises arbitrarily ordered workers and staff to work overtime with little or no overtime payment. In some cases, workers who had worked overtime till the early morning on the next day had to go to work as usual on that day. It is a widespread phenomenon in various localities that workers frequently work 12 to 16 hours in a row. According to the regulations, if workers go to work on statutory paid holidays, such as the New Year's Day and National Day, factory employers should pay them 50 percent or even 100 percent more than their daily

wages. However, workers and staff in foreign-funded enterprises do not enjoy this benefit. In this way, labor disputes frequently break out.

In addition, in order to seek superprofits, some Hong Kong and Taiwanese businesses often find ways to cut down worker and staff pay when enterprise interests come into conflict with that of workers and staff, such as using factory discipline and rules to hold down or deduct worker and staff pay. For example, although an eight-hour work system has been set as a mainland rule and Sundays are fixed as rest days, many foreign-funded enterprises stipulate in private that workers and staff must work overtime unconditionally, otherwise they will be punished and their pay will be deducted for staying away from work without good reason. In the "staff rules" set by a foreign-funded enterprise in Guangdong, as many as 46 of them are related to pay deductions and fines, and 80 percent of the workers and staff are punished every month!

Even more serious is that many small and medium-sized foreign-funded factories generally neglect labor safety and lack protective equipment and fire prevention facilities. Consequently, accidents occur again and again. Last year, when two factories run by Hong Kong and Taiwanese businesses in Shenzhen and Fuzhou caught fire, workers could not escape because there were inadequate fire safety facilities and the front and back doors were locked, thus causing serious casualties.

After receiving many complaints from workers and staff of foreign-funded enterprises, last December the All-China Federation of Trade Unions openly called on departments concerned to take measures to protect the personal safety and legitimate rights and interests of workers and staff of foreign-funded enterprises. By the end of last April, the mainland Ministry of Labor, Ministry of Public Security, and the All-China Federation of Trade Unions jointly issued a circular strictly prohibiting foreign-funded and private enterprises from restricting worker and staff personal freedom by locking and shutting workshops and worker and staff living quarters. Enterprises committing criminal offenses will be investigated by judicial organs to see whether they have criminal responsibility.

Before and after the NPC deliberated the "Labor Law" last April, Guangdong and some other provinces and municipalities responded to the call and made preparations for helping foreign-funded enterprises set up trade unions. The trade unions can be considered as organizations negotiating with employers on improving labor conditions, safety facilities, and pay and welfare, and as the buffer zone of labor disputes to prevent workers and staff from going on strike because of undue demands and to protect employers' and employees' justified rights and interests.

Wu Yi Comments on Foreign Trade System Restructuring

HK1006063694 Beijing GUOJI SHANGBAO in Chinese
1 Jun 94 p 1

[Report on interview with Wu Yi, minister of foreign trade and economic cooperation, by reporter Zheng Zhihai (6774 1807 3189); date, place not given: "Wu Yi on Reform of Foreign Trade System, Seizing the Opportunity To Increase Exports"]

[Text] Foreign Trade Minister Wu Yi said in a recent interview with this reporter that we must deepen the reform of our foreign trade system and seize the rare historical opportunity to advance our export work to a new level.

Wu Yi said: The reform of our foreign trade system is an important component of our economic restructuring and has been implemented at a rapid pace for quite a long time. Following bold reforms at three stages over the past 15 years, we started a new round of reform this year, with the unification of exchange rates at the core. The core of this round of reform is that the state is to implement a unified foreign exchange settlement and selling system in foreign trade export enterprises, set up a unitary and managed renminbi floating exchange rate system on the basis of market demand and supply, and abolish foreign trade enterprises' task of turning over foreign exchange to the higher authorities with or without compensation.

Viewed from the experience and practice of foreign trade development and reform over the past years, we really grasp the key when introducing the new round of foreign trade reform measures, particularly the reform of the exchange rate system under the current situation. Compared with the past reform measures, these measures have made a major breakthrough in such respects as unifying policy, lifting restrictions on operation, bearing responsibility for profits and losses, and promoting fair competition, all of which will effectively solve some of the deep-seated problems that have been disrupting our foreign trade development for a long time, thus helping our foreign trade system run in accordance with standard international practice, helping foreign trade enterprises take part in the international division of labor and exchange in a broader and more profound way, developing an open economy, and linking and supplementing our domestic economy with the international economy.

Wu Yi said: In the future, our foreign trade and economic cooperation must develop according to a new "large-scale economic and trade" pattern, that is, linking foreign trade and economic cooperation with foreign investment; merging barter trade, technology trade, and service trade into a single whole; integrating commodities, capital, technology, and labor; and combining industry, agriculture, technology, and commerce with one another in trade. In the third volume of his selected works, Comrade Deng Xiaoping said that our total foreign trade volume would reach \$200 billion by the end of this century, and we must fulfill that task this

year, which is six years earlier. Not long ago, Premier Li Peng proposed that by the year of 2000, our total foreign trade volume must reach \$400 billion, which would double this year's figure. This is quite an arduous task. With the end of the Cold War, the competition of comprehensive national strength will occupy a leading position. In the 1990's, worldwide economic competition will become more intense, and a "commercial war" awaits us which has a strong smell of gunpowder, but no smoke. Faced with this historical opportunity, the success of the reform of our foreign trade system relates not only to whether or not a new foreign trade system can be established, but also to whether or not a socialist market economy system can be established at an early date and can run normally. At present, first, we must handle well the relationship between the reform of our foreign trade system and the task of expanding exports to earn more foreign exchange. Second, we must handle well the relationship between reform and maintaining the order of foreign trade operation. Third, we must handle well the relationship between the reform of our foreign trade system and other reforms. Fourth, we must handle well the problem of converging the old and the new systems in the process of transformation. In short, in deepening the reform of our foreign trade system, we should set the task of boosting exports as the most important one, and should try every possible means to advance it to a new level so as to promote the full development of foreign trade and to make new progress.

Minister Views Using Foreign Capital for Chain Stores

HK0906143094 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0838 GMT 8 Jun 94

[Text] Beijing, 8 Jun (ZHONGGUO TONGXUN SHE)—The other day, when talking about reform of the commercial circulation system, China's Minister of Internal Trade Zhang Haoruo said: It is imperative to draw on the experience and practice of the world business community and energetically develop chain-store businesses in China. In particular, an important step will be taken to introduce foreign funded and operated chain stores this year.

Zhang Haoruo said: China will pursue a macropolicy of walking on two legs in running its chain-store businesses. One of the legs is to bring in foreign capital and make vigorous efforts to run chain stores, which means policies governing Chinese-foreign joint retail operations will be relaxed further. He was certain that this measure would promote the renewal of China's traditional mode of commercial operations to a great extent and would speed up the reorganization and reconstruction of China's commercial system.

The second leg is to use large and medium-sized cities as the basis, choose some solid commercial enterprises as the core, and reorganize and develop chain-store business and chain-store groups with Chinese characteristics.

This senior official in charge of internal trade revealed that China is, taking sight of reality, actively communicating with major chain-store operators abroad. It will draw inspiration from the free and franchise chain-store practices of Japan and Southeast Asian countries. As long as conditions are adequate, restaurants, supermarkets, fast food shops, garment shops, optical shops, Chinese and Western medical pharmacies, bookstores, photo processing companies, and jewelry shops may all consider operating chain stores.

Beijing Said To Open Services to Foreign Investment

HK0906120094 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1030 GMT 7 Jun 94

[Text] Beijing, 7 June (ZHONGGUO TONGXUN SHE)—According to an authoritative person, to bring the economy in line with the international economy, China will allow the entry of foreign capital into service and trade sectors, including banking, insurance, accounting and auditing, medical care and insurance, advertising, petroleum-related services, property development, and transport.

Moreover, it also will allow investment of foreign capital, in the form of Sino-foreign joint ventures, in the following nine services, including technological measurement and analysis services and related scientific and technological consultancy; equipment maintenance and support services related to agriculture, forestry, animal husbandry, and fisheries; computer system design; and repair services for office facilities and equipment. Meanwhile, it will also allow foreign capital to invest in the construction, transformation, and operation of hotels and restaurants in the form of Sino-foreign joint ventures.

In commercial retail trade, China has agreed that Beijing, Shanghai, Tianjin, Guangzhou, Dalian, Qingdao, and the five special economic zones may each trial-launch one or two Sino-foreign joint-venture or cooperative commercial retail enterprises. In foreign trade, China has decided to allow foreign businessmen to engage in entrepot trade in the bonded zone of Shanghai's New Pudong district and to become agents for the import and export business of foreign-invested enterprises in the zone, and it has also decided to conduct experiments in developing joint-venture projects in scientific publishing and economic information publishing. China will also allow foreign capital to set up representative offices for legal services in China and to set up taxation service representative offices in the country's economically developed regions. This move will be conducive to China's resumption of GATT membership and entry to the World Trade Organization.

Official Outlines Policies on Using Foreign Investment

HK1006113894 Beijing CEI Database in English 10 Jun 94

[Text] Beijing (CEIS)—A senior official with the Chinese Ministry of Foreign Trade and Economic Cooperation (MOFTEC) has explained China's basic policies for using foreign lendings and investments.

Highlights of the basic policies, announced by MOFTEC Assistant Minister Liu Xiangdong at a recent seminar on China's economic reform policies here, are as follows:

—To attract foreign lendings and direct investments by various methods and through various channels.

While continuing to accept investments by foreign small and medium-sized enterprises, China will make efforts to attract more direct investments by transnational companies.

While using foreign direct investments, the country will continue to apply for foreign loans, especially loans from foreign governments and international financial institutions under favorable terms.

—To continue carrying out the current preferential policies for encouraging foreign direct investment.

—To open more new fields to foreign direct investments.

The fields open to foreign investors will be extended from the production sector to the circulation sector, with the opening up of nine new fields, namely, retailing, foreign trade (limited to bonded areas in the beginning), communications and transport, civil aviation, finance, tourism, real estate, culture and education, and social services.

Meanwhile, China will further encourage foreign investment in projects related to energy, communications, basic industries and infrastructure, those to introduce advanced foreign technology, upgrade products, cut energy consumption and expand production capacity, those to promote China's exports, those to produce new equipment, new materials and products not available in China, and those to fully or mainly produce exports with major imported raw materials and also without quota limitation.

Projects to do harm to social security, national economic development, environment, natural resources and human health will be barred from entering the country.

—To guide foreign investments to expected industries by granting inclined policies for industries, rather than for regions as has been practiced in the past. Foreign-invested technology-intensive projects and new and hi-tech projects that are encouraged by the state and involve large amounts of investment will be offered some domestic markets, so as to make them help upgrade the related domestic industries.

—To improve administration over foreign-invested enterprises.

Exports Grow Faster Than Imports Jan-May

OW0906141394 Beijing XINHUA in English 1313 GMT 9 Jun 94

[Text] Beijing, June 9 (XINHUA)—China's exports have been growing faster than imports in the first five months of this year.

Exports were 24.1 percent up on the same period last year, while imports were just 18.1 higher than those 1993 months, according to the latest figures from China's Customs Department.

During this period, China's foreign trade volume totalled 76.77 billion U.S. dollars, an increase of 21.1 percent over the same period last year.

Exports, at 37.49 billion U.S. dollars, showed a steeper rise (24.1 percent) for the whole of the five-month period than they had shown in the first four months (22 percent).

Imports for the five months totalled 39.28 billion U.S. dollars, a rise of 18.1 percent over the same period last year. This was a lower growth rate than in the first four 1994 months, when it was 20.4 percent.

During the first five months, China's foreign trade deficit reached 1.79 billion U.S. dollars, 1.27 billion U.S. dollars less than in the same period last year.

Customs Reports Continued Rise in Foreign Trade

HK1006032494 Beijing CHINA DAILY in English 10 Jun 94 p 1

[By Liang Chao: "Foreign Trade Rises—Customs"]

[Text] China's foreign trade has continued its double-digit growth in the first five months this year, to reach \$76.77 billion, up 21.1 per cent over the same period last year, Customs officials said yesterday.

The export growth rate grew faster than that of imports, indicating that the ongoing reform to put the foreign trade system in line with international practice is paying off, according to officials in the General Administration of Customs (GAC).

Although China still saw a trade deficit of \$1.79 billion during the period, it was \$1.27 billion less than that in first five months of last year.

During the January-May period, China's total imports grew by 18.1 per cent, amounting to \$39.28 billion. The growth rate was slower than it was in the first four months of this year. Exports reached \$37.49 billion, 24.1 per cent up.

Foreign-funded enterprises continued to set the pace in trade, as their exports and imports reached \$28.29

billion, a 43.4 per cent increase over the same period last year and accounting for nearly 37 per cent of the national trade volume.

The mix of China's exports continued its improvement as manufactured products witnessed a sharp rise of 27.6 per cent to \$31.05 billion, accounting for more than 82 per cent of all exports.

Garments and textiles still topped the exports list, recording a 32 and 27 per cent lift with a volume of \$7.76 billion and \$3.78 billion respectively, while machinery and electronics witnessed a rise of 30.1 per cent, totalling \$9.27 billion.

New Measures for Controlling Import, Export Prices

HK1006054194 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0900 GMT 9 Jun 94

[Text] Beijing, 9 Jun (ZHONGGUO TONGXUN SHE)—In order to strengthen price management over import and export trade, the relevant department of the Chinese Government recently adopted some new measures.

According to ZHONGGUO XINXI BAO, the new measures mainly include three points:

First, improving the import agent system. Necessary production materials and such important livelihood materials as grain, the prices of which are higher on the international market than on the domestic, should be imported through comprehensive regulations. While the import of such goods is guaranteed, their impact on domestic prices should be reduced. New management methods should be studies for importing major commodities. For example, such methods as setting up united agents and formulating average prices for agents may be adopted.

Second, adopting the policy of encouraging exports and foreign exchange earning. The principles for export price management are: Promoting the increase in foreign exchange earnings through exports and export-oriented production, improving the export structure, enhancing the economic results of export trade, putting a stop to the phenomena of dumping at low prices in the export market and bidding up the prices in the domestic market. The domestic purchase price ceiling for major export goods should be based on international market prices, and the floor-level protective price should be formulated according to domestic production costs.

Third, the exchange rate adjustment mechanism should be improved so that the impact of exchange rate changes on domestic prices can be brought under control. In the future, exchange rates should be determined not only by the costs of exports; consideration also should be giving to both imports and exports, as well as to non-trade projects.

Currency Reforms Said Not To Affect Import Volume

HK1006032594 Beijing CHINA DAILY in English 10 Jun 94 p 2

[By Liu Weiling: "Exchange Rate Reform Won't Hurt Imports"]

[Text] The unification of China's dual track exchange rate will not affect the volume of the country's imports, said a foreign trade official.

As the nation continues to develop, there will be an increase in both exports and imports, said Liu Xiangdong, Vice-Minister of Foreign Trade and Economic Co-operation.

Liu told an economic reform seminar at the 5th Asia-Pacific International Trade Fair that China is keen to increase its export earnings in order to import more advanced technology, equipment and materials needed for the country's modernization drive.

Import costs, tariffs and turnover tax have increased in line with the unification of the exchange rates, he said.

But imports will not be affected because the current exchange rate is similar to the old swap market rate used to calculate 80 per cent of the imports.

And the State has increased its budget to subsidize the remaining 20 per cent of the imports using the old official exchange rate.

And to counteract the slight increase in tariffs and turnover tax the State has this year reduced tariff rates of 2,898 import items by an average of 8.8 per cent.

Moreover, with China's impending re-entry of the General Agreements on Tariffs and Trade (GATT), the overall level of import tariffs will be reduced by 50 per cent compared with 1992 levels.

In a separate development, Yu Xiaosong, vice-minister of the State Economic and Trade Commission, told the seminar that the Chinese government is formulating policies to encourage foreign investment with special focus on China's key industries.

Yu said the government will grant preferential treatment to foreign investment in the development and construction of basic industries and infrastructure such as transportation, communications, energy, key raw materials, agriculture and water conservancy.

Beijing Drafts Rules on Equity Transfers to Foreigners

HK1006113694 Beijing CEI Database in English 10 Jun 94

[Text] Beijing (CEIS)—Chinese authorities are working out detailed provisions governing the transfer of equity

in state-owned enterprises to foreign investors, according to a senior official.

In selling off the country's state-owned enterprises to foreigners, Yu Xiaosong, vice minister of the State Economic and Trade Commission, said recently that limitation should be imposed in two areas.

One is that asset evaluation must be conducted by a qualified evaluation organization before a state-owned enterprise is to transfer part or all of its equities to a foreign investor, which is a new form for China to attract foreign direct investments.

Yu said such evaluation is necessary as there is not yet a fair and scientific method.

The other aspect concerns whether or not one or a group of foreign investors is allowed to buy all stakes or a holding stake in a Chinese state-owned enterprise.

And this depends on the status and function of the enterprise in China's national economy, Yu added.

Such takeovers are not proper for important large state-owned enterprises, a large power plant for instance, which will trigger such problems as electricity supply, charges and production capacity, Yu said.

Yu said the Chinese partner's stake in a large state enterprise must be higher than 50 percent regardless of the number of shareholders in the enterprise.

Guangdong Halts Approval of New Property Companies

HK0906135494 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1030 GMT 7 Jun 94

[Text] Guangzhou, 7 Jun (ZHONGGUO TONGXUN SHE)—Guangdong is continuing its macrocontrol over the real estate industry. From now on, the provincial government will not grant approval for the establishment of property development companies or the requisition of land for real estate projects.

State macrocontrol, through controlling the total volume of credit over the last year, has brought thousands of property development companies across the province to understand a grim fact: Property development companies which have an ample supply of capital and whose projects meet market needs can gain the initiative in market competition, while those which rely only on bank loans for their existence and are interested in building luxury villas or residential units will just go bust.

Statistics provided by the provincial construction commission show that property investment increased by 230 percent in 1992 over the previous year, the 1993 figure was 1.3 times that of 1992, and that property investment across the province in 1993 accounted for 37.5 percent of total infrastructure investment, clearly indicating the excessive scale of property development. Experts say,

after analysis, that even if new projects are not undertaken, it will take the market several years to absorb existing real estate projects.

Guangdong will not undertake any real estate projects this year. Those property development enterprises which are suffering from stockpiles of land will be required to transfer some of their land to property development companies which have abundant capital but no land, projects under construction will be continued or suspended depending on market requirements, and completed houses should be sold as soon as possible to recover capital for new development projects.

Beijing Municipality Reportedly Establishes 158 Firms Abroad

HK1006020194 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0838 GMT 8 Jun 94

[Text] Beijing, 8 Jun (ZHONGGUO TONGXUN SHE)—In recent years, Beijing Municipality has set up a batch of enterprises abroad, some of which have already cut a fine figure in the intensely competitive international business world. It is learned that at present, Beijing has 158 wholly foreign-funded, joint-venture, or cooperative enterprises and organizations abroad.

These overseas enterprises and organizations are distributed over 45 countries and regions. Among them, 32 are in developed countries and 126 in developing countries. Their investments cover many fields, such as industrial and agricultural production, exploitation of natural resources, general trade, banking and real estate, tourist service, medical care, project contracting, and landscaping and architecture.

In Malaysia, an overseas enterprise mainly formed by the Beijing Municipal Building Works Group and the International Economic Cooperation Company has developed into quite a strong project contractor there. Its business ranges from undertaking residential district projects to building four-star hotels and from constructing exclusive apartment blocks to building factory facilities. Its annual business volume approximates \$100 million.

In Japan, the Jinglian Company reaped 27 billion yen of turnover in 1993 and made a profit of 120 million yen, ranking among 30,000 enterprises with good credit standing in Japan.

As a leader in exploring international real estate business, the Beijing Municipal Real Estate Development and Management Corporation has set up many companies in the United States, Australia, Hong Kong, and Macao since it was founded in 1992. Despite the adversities brought on by the continuing recession in the Western economy and the real estate industry on a downward path, they have managed to get a preliminary foothold and shown relatively good economic performance.

The development and expansion of these overseas enterprises have added a new dimension to the municipality's effort to broaden the international market and strengthen itself with overseas resources.

Article Urges Increased Input Into Agriculture

HK1006054094 Beijing RENMIN RIBAO in Chinese 8 Jun 94 p 5

[By Qin Yucai (4440 3768 2088) of the Investment Department of State Planning Commission: "Maintain Reasonable Increase in Agricultural Investment"]

[Text] Agriculture is the foundation of the national economy. Only by consolidating agriculture and stabilizing rural areas can the whole country maintain stability, the reform proceed smoothly, and the economy attain sustained, fast, and healthy [chi xu kuai su jian kang 2170 4958 1816 6643 0256 1660] development. Therefore, energetically increasing the comprehensive production capacity of agriculture, maintaining rational increases in agricultural investment, and stabilizing agricultural development is a major task concerning the country's overall interests.

Problems in agriculture have many causes, one of which is inadequate input. It is a rather complicated problem that has cropped up in the process of deepening economic structural reform.

1. Proportion of investments in agricultural capital construction:

If calculated according to industry statistics, investment in agricultural capital construction from the First through the Fifth Five-Year Plans was 77.543 billion yuan and the average ratio of investment in agricultural capital construction to total investment in capital construction nationwide was 10.5 percent; in the Sixth Five-Year Plan, the figure was 17.284 billion yuan, 5.1 percent; in the Seventh Five-Year Plan, 30.393 billion yuan, 3.3 percent; in 1991, 8.5 billion yuan, 4.0 percent; in 1992, 11.27 billion yuan, 3.7 percent; and in 1993, 13.69 billion yuan, 4.4 percent.

The following three reasons mainly contributed to the decrease in the proportion of investment in agricultural capital construction:

First, the sources of capital construction investment changed, investors were more varied, and the proportion of state budgetary investment significantly dropped. From the First through the Fifth Five-Year Plans, the sources of funds for investment in capital construction by the state lacked variety and the state budgetary investment accounted for 80-90 percent. But since the Sixth Five-Year Plan, channels for pooling funds for investment in capital construction have increased, extra-budgetary investment (including bank loans, foreign capital utilized, and self-raised funds) has gone up considerably, and the proportion of budgetary investment by the state has dropped tremendously. Consequently,

the ratio of investment in agricultural to total investment in capital construction diminished.

Second, fields for investment expanded. Since the Sixth Five-Year Plan, with the national economy moving ahead, the expansion of new domains for industrial investment, such as petrochemicals, chemicals, electronics, and new materials, have caused a comparative reduction of the percentage of agricultural investment, but investment in industries that aid agriculture has increased.

Third, after the proportion of budgetary investment in agriculture dropped, other financing channels have gradually come into play. Apart from investment in capital construction, over 15 billion yuan of fiscal and bank loans have been put into agriculture each year. Therefore, though the absolute figure of investment in agricultural capital construction has been rising every year over the past few years, it has been very hard for the proportion of investment in agricultural capital construction to go up as a result of the increased variety of investment channels.

2. Measures taken in 1994 for to increase the percentage of investment in agricultural capital construction controlled by the central authorities:

Increasing budgetary input and input of bank loans. In 1994, central budgetary investment nationwide increased by 3 billion yuan, of which 650 million yuan was allocated to agriculture, taking up 21.7 percent of the total increase. Bank credit increased by 19.8 billion yuan (with 13 billion yuan of new loans), of which 2.1 billion yuan was allocated to agriculture, taking up 10.6 percent of the total increase (or 16.2 percent of the total value of new loans).

In 1994, budgetary investment in agricultural capital construction and bank credit arranged by the central government registered 10.485 billion yuan, up 35.6 percent over the 1993 figure of 7.735 billion yuan. The increase was 12.9 percentage points, higher than comparable increase rates in all other industries and trades arranged by the central government.

In 1994, the ratio of the budgetary investment in agriculture and bank credit arranged by the central government to nationwide investment and bank loans budgeted by the central government was 8.5 percent, 0.8 percentage point higher than the 1993 percentage of 7.7.

3. Aside from direct investment in agriculture, forestry, and water resources, favorable arrangements have also been made for the investment in such agriculture-aiding industries as chemical fertilizers, farm chemicals, plastic sheeting, farm machines, and electric supply for agriculture.

4. Investment by local governments, collectives, and individuals should also be increased gradually. Local governments should assume the bulk of the responsibility for investment in agricultural capital construction,

while central government investment should concentrate on core projects for harnessing major rivers and lakes that cover a number of provinces or regions, the construction of large agricultural commodities and shelter-forests, and the development of scientific research institutes serving the whole country and institutions of higher learning. It is necessary to take effective measures to guide peasants to increase productive input in agriculture.

Official Interviewed on 'Shopping Basket' Project

OW0906133894 Beijing XINHUA in English 1243
GMT 9 Jun 94

[Text] Beijing, June 9 (XINHUA)—Total output in each category of meat, eggs, aquatic products and vegetables has increased 50 to 80 percent over the 1987 figures.

In an interview with XINHUA reporters, the director of the All-China Office of the Shopping Basket Project Tang Yong said that thanks to the efforts of the project, citizens' consumption of non-staple foods has greatly increased.

The project began seven years ago with the aim to ensure supplies of vegetables, meat, eggs and other non-staple foods for large and medium-sized cities.

Since 1987, per capita consumption of meat in China has increased from 18.4 kg to 32.1 kg, of eggs from 5.5 kg to 9.3 kg, of aquatic products from 8.8 kg to 15.2 kg, and of vegetables from 135.3 kg to 186.7 kg.

Tang said that China's citizens now consume more diversified kinds of non-staple food with higher nutritional quality.

New varieties introduced from abroad in recent years can be seen in today's vegetable stalls. Out-of-season vegetables now enrich household meals.

He said that the farmers now pay greater attention to adjusting their production structure to meet the demands of the market.

To ensure the smooth carrying out of the project, many large and medium-sized cities such as Beijing, Shanghai, Tianjin, Guangzhou and Wuhan have taken effective measures.

Construction funds and risk funds for vegetable growing have been set up to protect farmers. Measures such as keeping reserves of important non-staple foods have also been adopted.

The Shanghai government will allocate 266 million yuan in opening up 3,000 more hectares of vegetable fields this year.

The Beijing government plans to invest 67 million yuan in opening up 10,000 hectares of new vegetable fields and introducing mass production of vegetables in its suburbs.

He Jihai, vice-minister of internal trade in charge of supplies of non-staple foods, said the state will spare no efforts to protect vegetable fields in city suburbs. He suggested that vegetable fields should be included in comprehensive city construction plans.

East Region**Vice Minister Assesses Anhui's Technical Advances***OW0906124294 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 8 Jun 94**[From the "Provincial Hookup" program]*

[Text] Xu Penghang, vice minister in charge of the State Economic and Trade Commission [SETC], and his party inspected Anhui recently and investigated and studied conditions of technical transformation projects there. In a discussion meeting called by the provincial government yesterday, Vice Governor Wang Xiuzhi reported to comrades in charge of the SETC on current conditions of technical transformation exercise in Anhui, and strategies adopted by the provincial party committee and government for its success. Wang Xiuzhi said: In attaching great importance to enterprises' technical transformation, the provincial party committee and government have adopted the strategy of "one mainstay and two wings"—taking infrastructure as the mainstay and town and village enterprises and technical transformation as the two wings—with emphasis on strengthening the former and expanding the latter to ensure an economic takeoff in Anhui. It has been proposed in the Knowing Well Your Responsibility Certificates signed between the provincial government and departments and bureaus in charge that over 20 billion yuan will be invested in technical transformation projects within three years, during which about 200 high-tech, fast-running projects will be completed, so that output value of technical transformation will contribute not less than 30 percent to the total industrial output value. Wang Xiuzhi said: With a completed investment of 6.26 billion yuan in technical transformation projects in 1993, Anhui has succeeded in improving its enterprises' technical, equipment level and thus consolidating the strengthening of its economic strength.

Speaking at the meeting, SETC Vice Minister Xu Penghang pointed out: Thanks to conscientious implementation of technical transformation projects, Anhui has entered a relatively high economic growth period. This strategy should be strengthened in the future by well preparing all technical transformation projects before their implementation and by laying emphasis on speed—speed in examining and approving well identified projects, in commencing production, in entering the market, in making money, and in repaying debts. The state will lend its strong support to provinces excelling in helping enterprises with good performance.

Xu Penghang and his party successively inspected some enterprises in Suzhou and Hefei City, as well as high and new technology industrial development zones. Provincial Governor Fu Xishou called on Xu Penghang and his party on the evening of 6 June.

Persons in charge of relevant departments, including the provincial discipline inspection commission, the provincial economic and trade commission, the Commercial and Industrial Bank, the Bank of China, the Construction Bank, and Customs, attended yesterday's discussion meeting.

Anhui Official Speaks on Punishing Economic Crimes*OW0906144994 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 8 Jun 94**[From the "Provincial Hookup" program]*

[Text] On the morning of 6 June, the provincial party committee and the provincial government jointly held a telephone conference to implement the guidelines of the national telephone conference on investigating and handling major and serious cases of economic crime and severely punishing those who have committed economic crimes, and to make overall arrangements for launching the struggle to severely punish those who have committed economic crimes.

The telephone conference was presided over by (Ji Jiahong), secretary general of the provincial party committee. Fu Xishou, deputy secretary of the provincial party committee and Anhui governor, and Chen Guanglin, member of the standing committee of the provincial party committee and secretary of the provincial commission for discipline inspection, attended the conference.

Yang Yongliang, deputy secretary of the provincial party committee, made an important speech.

In his speech, Yang Yongliang pointed out: The provincial party committee and the provincial government have always considered the investigation and handling of major and serious cases and economic crimes and punishing corruption to be an important political task. Discipline inspection, supervision, and procuratorial organizations at various levels have given full play to their roles in the struggle. They have made significant achievements in investigating and handling major and serious cases and in cracking down on economic crimes. However, we must understand that at present the problem of crimes in the economic field is still quite serious. Therefore, leading comrades of concerned departments at various levels must attach great importance to the work of investigating and handling major and serious cases of economic crime, firmly correct the thinking that cracking down on economic crimes is antagonistic to developing a socialist market economy, change the negative and perfunctory attitude toward the anticorruption struggle, and overcome the fear of difficulty because of obstacles and interferences in investigating and handling some cases. We must do a solid job of investigating and handling major and serious cases and in launching struggles against corruption.

Yang Yongliang emphatically pointed out that we must in the coming months, especially in the third quarter,

launch the province-wide struggle to severely punish economic crimes. We should stress investigating and handling cases of bribery, swindling, and smuggling. We should pay particular attention to investigating and handling crimes committed by members of party and government leading organs, administrative and judicial departments, and economic management departments. Concerned departments in various locales must make great efforts to tackle key issues and do a good job in the struggle. We must further mobilize the masses and encourage them to report cases of corruption. We should assign capable people to investigate and solve major and serious cases of economic crime. The chief procurators should personally handle those cases. We should enforce a responsibility system in investigating and handling those cases, and each level should check the work of the lower level. We should establish a system of supervising the progress in investigating and handling major and serious cases. The higher level should dispatch work teams to the lower level to help solve difficult cases which have encountered interference. We must thoroughly investigate and handle cases of economic crime.

In the next period, various discipline inspection and supervision departments as well as administrative and judicial departments should promptly transfer cases which have constituted crimes to judicial organizations. The economic administrative departments should actively assist judicial organizations in investigating and handling major and serious cases involving their own units. The judicial organizations should select some major and serious cases, hear and prosecute those cases as quickly as possible, and impose heavy sentences. The judicial organizations at various levels should be resolute, prudent, and correct in hearing and adjudicating those cases. As for cases involving economic departments, we must ensure that normal production and operations will not be interrupted while those cases are investigated. In investigating and handling major and serious cases, the judicial organizations should actively offer suggestions and help concerned departments and units close loopholes in light of existing problems.

Yang Yongliang stressed that party committees and governments at various levels must help judicial units remove obstacles and interference in exercising laws and resolutely correct local and departmental protectionism in a few places. We must adopt measures to effectively guarantee the necessary funds for investigating and handling major and serious cases. Committees on politics and law at various levels must coordinate the leading work of investigating and handling major and serious cases and must strengthen their supervision over the work. Various judicial units should exercise the law strictly and be bold in handling difficult cases. All cases which constitute crimes must be thoroughly investigated regardless of which department or person is involved.

In conclusion, Yang Yongliang asked units concerned at various levels to properly integrate the struggle against economic crime to ensure that the work of economic construction is combined with the current struggle

against serious criminal cases. He said that it is necessary to truly attach equal importance to cracking down on crimes and to promoting economic construction. In this way, we can effectively promote the anticorruption struggle, maintain social and political stability, and ensure the sustained, rapid, and healthy development of the economy in this province.

High Technology Industry Develops in Fujian

HK0906111394 Beijing ZHONGGUO XINWEN SHE
in English 0933 GMT 9 Jun 94

[Text] Fuzhou, June 9 (CNS)—In improving its economy, Fujian, a resources-hungry province in south China, places its hopes on coastal cities of Fuzhou, Xiamen, Quanzhou and Zhangzhou as well as inland towns of Nanping and Sanming where new hi-tech industries are fast developing.

—The province last year saw an output value of RMB [renminbi] 5.3 billion earned from such an industry by enterprises across the province including those in its state-level new hi-tech industrial development zones. This industry has now become a new driving force for the economic development of the province.

—Some 49 new hi-tech enterprises operating in the province have developed a batch of new products covering electronic information, biological engineering, optical-machinery-electrical industry and new materials, achieving sound economic results.

—The new hi-tech industrial development zones in Fuzhou and Xiamen have been included in the 52-strong list of state-level zones of this kind across the country. The Cangshan Scientific and Technological Garden in Fuzhou has seen ten factory buildings under construction, and eight enterprises engaging in new hi-tech industry have been set up there with annual output value expected to be RMB 130 million, the annual output value of the Hongshan Scientific and Technological Garden now is put at over RMB 300 million while in the Mawei Scientific and Technological Garden, a batch of construction items including the second-phase construction project for the New World Computer Company have been completed.

—The Torch Hi-Tech Industrial Development Zone in Xiamen has become a keen site for foreign investment with 31 foreign-funded enterprises being approved in the zone. Their total investment has reached RMB 260 million and their output value last year was RMB 500 million. With the support of the State Science and Technology Commission, the China Institute of Science and Technology and a shopping mall selling scientific and technological products have been established in Xiamen City.

—The Quanzhou Hi-Tech Corridor has also seen its business developing very fast. The Shishi Hi-Tech Photo Equipment Research Institute has developed

stereoscopic colour enlargers whose quality ranks first in the country. In addition, preparations for the construction of the China (Shishi) Garments Hi-Tech Development Centre and three province-level hi-tech industrial development zones in Zhangzhou, Nanping and Sanming are now under way.

—The province has planned to cultivate 100 new hi-tech enterprises and develop 80 new hi-tech products this year.

Fujian Province Expanding Jinjiang Airport

OW1006052794 Beijing XINHUA in English 0306 GMT 10 Jun 94

[Text] Fuzhou, June 10 (XINHUA)—East China's Fujian Province is expanding its fourth airport, Jinjiang Airport, which is located in Quanzhou Prefecture, and it is expected to go into trial service next may.

Built in 1954, the airport used to serve the military forces only. It was given approval by the central government to become a civil airport in July last year.

A local official in charge of the project said the expansion will require a total investment of 180 million yuan (some 2.1 million U.S. dollars).

Upon completion, the modern airport with an annual handling capacity of 650,000 passengers will be able to accommodate large and medium-sized planes, and link Quanzhou with Hong Kong, Guangzhou, Shenzhen, Beijing and Shanghai by air.

Bulletin Reveals 'Serious' Pollution in Fujian

HK0906135094 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 3 Jun 94

[Text] A bulletin on environmental conditions in Fujian Province in 1993 issued yesterday by the provincial environmental protection bureau shows that during the past year, although the growth of our province's GDP was faster than in 1992, environmental pollution had not deteriorated despite rapid economic development and that further ecological damage has been basically curbed, or eased. Our environmental protection work has been strengthened.

However, data in the bulletin shows that current environmental protection in our province is still far from meeting the demands of economic development. In some localities, problems caused by effluent, exhaust fumes, waste residues, and noise still spread unchecked. Environmental pollution, mainly seen in cities and towns across the province, is becoming serious and is spreading very fast. The scope of ecological damage has widened and has become more acute. In a small number of localities, environmental pollution and ecological damage have become factors constraining sustained, rapid, and healthy development of the local economy.

Shandong Secretary Leaves Beijing for Sweden, Germany

SK1006022594 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 8 Jun 94

[Text] At the invitation of the governments of Sweden and German, the friendship and economic delegation of Shandong Province headed by Jiang Chunyun, member of the CPC Central Committee's Political Bureau and secretary of the Shandong provincial party committee, left Beijing for Sweden and Germany at noon on 7 June for visiting tours to the two countries.

Jiang Enzhu, vice minister of foreign affairs, paid a special visit to Comrade Jiang Chunyun who was staying at the Taishan Hotel of Beijing and said good-bye to the delegation.

On the evening of 6 June, the Germany ambassador to China, Armin Freitag, and his wife hosted a farewell banquet at their official residence in honor of Jiang Chunyun and the delegation.

The visit paid by the delegation headed by Secretary Jiang Chunyun to the two countries is aimed at deepening the understanding, reinforcing the friendship, and promoting the cooperation and exchanges in economy and trade. During their visits, the delegation will make extensive contacts with the personages of political and economic circles and brief them on the province's situation in economic and social development and the province's investment environment. It will deepen the mutual understanding between the two countries; further enhance the friendship between the peoples of China and Sweden, the peoples of China and German, as well as the friendship between Shandong and Vastmanland of Sweden and between Shandong and Bavaria Lander of German. The delegation will also further consult and implement the agreements made by both sides and the projects under enforcement and will hold talks with them on some new projects. Through the visit, the delegation will promote the friendly relationship between the two countries to a new stage.

The friendship and economic delegation of Shandong Province left Jinan by train on 4 June. Seeing the delegation off at the railway station were leading comrades from the provincial level organs, including Zhao Zhihao, Li Chunting, Li Wenquan, Han Xikai, and Song Fatang.

Shandong Official on Property Rights Transactions

SK1006053694 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 9 Jun 94

[Text] At the provincial forum on management of transactions of state assets ownership held on Zoucheng on 9 June, Chen Jianguo, standing committee member of the provincial party committee and vice governor of the province, stressed: We should actually strengthen management of transactions of state assets ownership, make

a conscientious analysis of new circumstances and new problems, research and formulate measures and methods for ensuring the sound development of transactions of state assets ownership and for avoiding the loss of state-owned assets, and promote the establishment of a modern enterprise system.

Chen Jianguo pointed out: The transaction of property rights of enterprises is the outcome of the market economy, an effective way to achieve optimum distribution and rational flow of assets under the condition of the market economy, and a means adopted by the government to readjust industrial structure. Over the past few years, quite a few localities in the province have conducted useful explorations and experiments for transactions of property rights of enterprises and have helped separate government administration from enterprise management and change the operation mechanism of enterprises through the methods of absorbing more owners of shares and selling and leasing enterprises to others. As a result, the vitality of enterprises has been enhanced and some new experiences have been created. Some new circumstances and new problems have also emerged, however. In particular, the loss of state-owned assets has been extremely serious in a few localities and enterprises.

Chen Jianguo stressed: The transaction of property rights is a work deeply related to policies and professions. In this regard, we should not only be positive but also appropriate. In guiding the specific work, we should successfully grasp the following several points:

First, the transactions of property right should persistently follow the direction of socialism. Second, the transactions of property right should aim at safeguarding the property and interests of the state. Third, the transactions of property rights should be combined with the optimization of industrial structure and the optimization of the distribution of resources. Fourth, the transactions of property rights should give full consideration to the placement of enterprise workers and staff and to social stability.

Shandong Rewards Prisoners Active in Labor Reform

SK1006034094 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 8 Jun 94

[News feature written by Reporter (Zhang Xingang):
"Applause and Hope"]

[Text] On the morning of 8 June, applause rang out continuously at the auditorium of Jinan Prison when it was announced at the third provincial congress of the sentence-serving persons active in undergoing labor reform that 200 persons who rendered meritorious service would be awarded citations for merit, and 72 persons would be released on parole, be set free, or have their penalty reduced, the 250 representatives of sentence-serving persons active in undergoing labor reform who were participating in this congress, responded to the

announcement with prolonged and warm applause. The applause was filled with repentance for their past crimes and with hope for their future.

(Jiang Lusheng), who was awarded a citation for merit at the congress, clapped until his hands turned red, and his eyes were moist with tears. Having been given a life sentence in 1983 on the charge of larceny, today he truly experienced the value of turning over a new leaf. When he was sent to jail, he was just a graduate of a primary school. Over the past 11 years, at the prison's school for training offenders, he assiduously accrued knowledge and skills and was even invited to serve as senior technician. During production and labor, he accomplished scores of innovation achievements one after another, saved hundreds of thousands in funds for the state, and created a miracle even praised by foreign specialists. Hence, his term of imprisonment has changed from life imprisonment to a set term of imprisonment.

(Liu Zhengxing), deputy director of the provincial judicial department and political commissar of the provincial labor reform bureau, said: There are many other activists like (Jiang Lusheng). Since 1985, a total of 27,511 offenders in the province have extricated themselves from the bounds of illiteracy in prison, and 72,761 offenders have obtained the certificates of technology of various grades issued by labor departments.

A prodigal who returns is more precious than gold. As said by (Li Fengde), head of the provincial labor reform bureau, some of the many offenders who were released after serving the sentence have been employed as state cadres and plant directors and managers, and some of them have been elected people's congress deputies and members of the Chinese People's Political Consultative Conference. (Wang Zenglin), former offender at the no. 3 provincial prison, has seized 27 law violators and criminals after leaving the prison and has become rich through hard work, thus being elected as the advanced laborer of the state and commended in Beijing.

Wang Yuxi, vice governor of the province, said excitedly at the congress: In providing employment, the party and the government have treated the persons released after serving the sentence without discrimination. So long as these persons are reformed satisfactorily and are furnished with appropriate knowledge and proficient skills, they will be well received by society after serving the sentence. On hearing this, the audience burst into prolonged and warm applause once more again.

Shandong Expands Public Telephone Exchanges

OW1006054694 Beijing XINHUA in English 0303
GMT 10 Jun 94

[Text] Jinan, June 10 (XINHUA)—East China's Shandong Province is expanding the number of its public telephone exchanges to meet the needs of rapid economic development.

As of May 31 this year the province had public telephone exchanges with a combined capacity exceeding two million lines, ranking fourth in the country and fulfilling the province's Eighth Five-Year Plan (1991-1995) some 19 months ahead of schedule.

At present, Shandong has urban telephone exchanges with a combined capacity of 1.25 million lines, and 750,000-line rural telephone exchanges, increases of four times and 2.7 times, respectively, over 1990.

The province has formed a network of advanced telephone network with program-control exchanges, digital transmission and mobile telecommunications.

Shanghai Attracts Billions in Foreign Investment

HK0906150394 Beijing ZHONGGUO XINWEN SHE in English 1147 GMT 9 Jun 94

[Text] Shanghai, June 9 (CNS)—According to the latest statistics, Shanghai, the biggest industrial city in China, has to date totally approved 8,551 foreign-funded items with contracted foreign investment of U.S.\$17.55 billion.

Though some foreign businessmen hesitated about their investment in the city at the beginning of this year, when the city began to implement its new tax system which, they wondered, might have an unfavourable influence on their businesses, statistics show that foreign investment in the city still grew in a steady way with 1,620 foreign-funded items with contracted foreign investment of U.S.\$3.852 billion were newly approved in the first five months of this year, respectively increasing by 34 percent and 10 percent over the same period last year.

Foreign investment in the city this year has three characteristics. First, industrial items were still welcomed by foreign investors. In May alone, 1,183 foreign-funded industrial items were approved, accounting for over 70 percent of the total endorsed.

Second, the city saw more and more multinational companies investing in this municipality. 41 items invested by 27 companies were approved last month. Up to date, some 136 multinational companies from various foreign countries and regions have been attracted to invest in this metropolis and their total investment has been nearly up to U.S.\$3 billion [as received].

Third, investors from Japan and Singapore grew sharply with 191 Japan-funded and 67 Singapore-funded items being approved between January and May, respective increases of 55 percent and 100 percent in number over the same period last year.

Shanghai's Waigaoqiao Bonded Zone Boosts Exports

OW1006053194 Beijing XINHUA in English 0303 GMT 10 Jun 94

[Text] Shanghai, June 10 (XINHUA)—The Waigaoqiao Bonded Zone in Shanghai's Pudong New Area is boosting its export-oriented processing industry.

Starting operations in April last year, the zone had 51 such enterprises by the end of May this year and exported 102 million U.S. dollars worth of processed goods, ranking first among China's bonded zones.

Already, the Waigaoqiao Bonded Zone has entered the stage of international trading, storage, transportation and exporting.

Its smooth operation has attracted streams of investors from other parts of the country and overseas.

A survey shows that more than 1,000 enterprises have invested a total of 2.5 billion U.S. dollars in the zone.

Included are 670 projects set up by business people from 31 countries and regions. They involve a total investment of 1.7 billion U.S. dollars.

Shanghai's Pudong Benefits From Technology Parks

OW0906125294 Beijing XINHUA in English 1243 GMT 9 Jun 94

[Text] Shanghai, June 9 (XINHUA)—A late-coming high-tech park is rising in Pudong New Area as a driver of industrial transformation in this old manufacturing center.

The 17-sq-k Zhangjiang Park is aimed at applying new- and high- tech research and development to industrial production. Education is also its focus.

Construction was started in late 1992. The city's first high- tech development zone, Caohejing, was initiated six years ago.

A grand project to compose biomedical industry is under way. Now some world leaders in pharmaceuticals have poured money into the zone, while local medical universities and research institutes are planning to move some operations there. The sector will turn out about 7 billion yuan (0.8 billion U.S. dollars) in products by the end of this century, one-third of the total in medicine production in Shanghai.

A "computer software town" is also being built in the park.

The Golden Bridge export processing zone in Pudong has concentrated on telecommunications and other pollution-free industries. Here two out of three projects are in the new and high- tech field, while half of the factories are producing for export.

More than forty large overseas and domestic companies have located in the 19-sq-k area, together with a high-tech group made up of 33 of China's top universities.

In the Waigaoqiao bonded zone, there is already a free flow of goods, foreign exchange and personnel abroad. Businesses ranging from import and export, to re-export, export processing, bonded storage and real estate are in full swing.

Four deepwater berths have been completed, capable of handling 2.4 million ton of goods a year.

Central-South Region

Hunan Exports Reach \$770 Million in First Five Months

HK0906141894 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 6 Jun 94

[Text] From January to May this year, the province exported goods worth \$770 million or so in its trade with foreign countries, an increase of 41 percent over the same period last year.

The export sector witnessed a relatively big increase in efficiency. Since the beginning of this year, the sector has been confronted with serious difficulties, such as funding shortages, high domestic prices, and a drop in overseas prices, which hampered foreign exchange earnings from exports and improved efficiency. To implement the plan for the entire year to earn foreign exchange through exports and achieve better efficiency, leaders of the provincial party committee and government have repeatedly handled business on the spot in foreign trade companies to solve practical problems. The provincial economic relations and trade commission has also repeatedly held special meeting to analyze economic activities and to strive for unity in thinking and solutions to improving economic efficiency, gave specific guidance to companies according to their own concrete conditions, encouraged enterprises with relatively good efficiency in exporting goods to expand their scale and strive for better efficiency, guided companies which had problems with exports and efficiency to make more effort to improve efficiency, and helped solve practical problems to boost enthusiasm for earning more foreign exchange by exporting more goods and striving for better efficiency. Nevertheless, the development of the province's foreign trade is not balanced. Provincial-level companies have strengthened management and have persisted in not engaging in loss-making deals, thus gaining better economic efficiency, however, prefecture and city-level companies, with the exception of those in Changsha City, all suffered losses in operations. In particular, the 29 industrial export enterprises, which have been approved by the state over the last two years, and four prefecture and county-level companies had yet to export goods to earn foreign exchange by the end of May.

Hunan Provincial Party Secretary Talks on Development

HK1006074294 Hong Kong WEN WEI PO in Chinese 3 Jun 94 p A2

[By staff reporters Wu Tai-chi (0702 3141 1015), Chou Lang-juo (0719 2597 5387), Liu Chung (0491 3095): "Hunan Provincial Party Committee Secretary Wang Maolin Says Hunan Displays the Superiority of a Big Province, Its Inflation Rate May be Lower Than 15 Percent This Year"]

[Text] Changsha, 2 June (WEN WEI PO)—Hunan Provincial Party Committee Secretary Wang Maolin said in a special interview with these reporters: In the reform year, Hunan Province is confident of keeping the inflation rate below 15 percent. Meanwhile, we are going to enhance the reform of state-owned enterprises and give full play to the superiority of our role as a major agricultural province, and foreign businessmen are welcome to invest in Hunan's infrastructure construction.

Wang Maolin said: Owing to the introduction of some reform measures and the effect of investment, in the first two months of this year, the rate of commodity price rises in Hunan was quite high, greater than the national average. Therefore, Hunan Province has taken a series of regulatory measures and made use of the advantage of having a plentiful supply of goods and materials on hand to rapidly put large numbers of commodities on the market, particularly such necessities of people's lives as rice, vegetables, and meat. Meanwhile, price ceilings are set on farm and sideline products and the trend of rapid and excessive price rises is brought under control in a very short time. In April, prices rises in Hunan were lower than the national average level. Regarding the controlled target of inflation this year, Wang Maolin said: With the introduction of grain price reform in June, commodity prices may be much affected, but we are very confident of keeping the inflation rate below 15 percent.

Talking about this year's reform tasks, Wang Maolin said: This year, Hunan Province will lay stress on coordinating with reform measures introduced by the central authorities to guarantee implementation of the measures. Meanwhile, we will enhance reform of state-owned enterprises. We will resolutely urge enterprises not running well for a long time to declare bankruptcy, encourage enterprises achieving good benefit to merge with enterprises with unreasonable product structures, and take measures, such as auctioning off some enterprises and letting state-owned enterprises be run by the private sector, to improve enterprise economic benefits and reduce deficits.

Wang Maolin said: Hunan is a major agricultural province with the output of paddy rice and live pigs ranking first in our country. Hunan has made great contributions to our country, but our villages are not as well-off as they should be, mainly because processing work has failed to keep up with development. As long as we can make enough efforts in the depth and quality of processing and

packing, and give wide publicity to the products, Hunan's agriculture will be able to advance to a new stage. Wang Maolin specially pointed out that as a major agricultural province, Hunan's products should have a considerable market share in Hong Kong. He said that foreign businesses are welcome to invest in Hunan, particularly in infrastructure construction. He continued: The Hunan section of the Beijing-Zhuhai Expressway is 570 kilometers in length. At present, apart from support pledged by the World Bank and the Asian Development Bank, we are trying to raise funds from various channels, and domestic and overseas businesses are welcome to invest in this "golden road." Talking about the construction in the energy sector, Wang Maolin said: Hong Kong's China Light and Power Company is talking with us about joint-venture construction of a thermal power plant in Changde. The China Light and Power Company will own 40 percent of the stock. At present, both sides have signed a letter of intent on cooperation.

Hunan Governor Inspects Lingling Prefecture

HK0906140794 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 5 Jun 94

[Text] From 31 May to 1 June, Chen Bangzhu, provincial party committee deputy secretary and provincial governor, inspected and guided work in Lingling Prefecture.

Speaking on Lingling's industrial production, Governor Chen Bangzhu pointed out: Industrial enterprises have always been a hard nut to crack and a focal point of Hunan's overall work. It is imperative to speed up the enterprise property rights system reform to give more scope to the dominant role of the public ownership system. This, he noted, was a matter of great significance to Hunan's overall work. In so doing, we should see to it that state-owned assets are not siphoned off. Moreover, we should comprehensively and unhesitatingly assist and equip each and every city-based small factory.

Speaking about improving Lingling's industrial enterprises, Governor Chen Bangzhu emphatically pointed out: The key to improving Lingling's industrial enterprises lies in tapping latent potential, laying a solid foundation, enhancing reserve strength, and stepping up lateral cooperation.

In view of Lingling's poor and weak industrial foundation and irrational industrial structure, Governor Chen Bangzhu called on comrades in charge of Lingling Prefecture to redouble efforts and build more infrastructure facilities, including more water supply networks, more electricity supply networks, and more highway networks.

Infrastructure Development Plan for Guangxi Capital

HK1006032394 Beijing CHINA DAILY in English 10 Jun 94 p 1

[By Gao Jin'an: "Urban Plans to Vitalize Investment in Nanning"]

[Text] Nanning, capital city of Guangxi Zhuang Autonomous Region, has unveiled a major programme for infrastructural development to woo foreign investors and to catch up with the better-developed coastal cities.

The investment will mainly go to projects in transportation, telecommunications, energy, power and other urban projects, a senior city official announced yesterday at a press conference in Beijing.

Xie Ruxuan, mayor of Nanning, said the city will invest over 3 billion yuan (\$344 million) this year into the projects, a 40 per cent increase over last year.

He promised that infrastructure funding will continue to rise in the coming years to further improve its investment climate and build the city into a transportation hub linking Southwest and South China with Southeast Asia.

Nanning, with a population of 2.6 million, is located at the centre of the autonomous region and serves as an important venue for Southwest and Central China.

At present, the Nanning-Kunming Railway, a trunkline connecting both ends of Southwest China, is under construction and will be completed in 1997. A number of highways and expressways are also being built or planned.

The State Council in 1992 granted Nanning the same policies given to coastal cities in the early 1980s, providing a good chance for Nanning to catch up with the coast.

In the past two years, the city has approved nearly 400 foreign-funded enterprises with a promised investment of about \$1 billion. The joint ventures and investments include projects in transportation, energy, agriculture, commerce, real estate development and industry.

Xie said about 60 per cent of the city's total \$34.46 million in exports were produced by joint ventures.

Last year, the industrial output value topped 10 billion yuan (\$1.15 billion) for the first time, an increase of 18.7 per cent over the previous year.

In a sign of its robust economy, the city has no industrial stockpile, as 99.7 per cent of its products are sold on the market, Xie noted.

The city plans to invest 16 billion yuan (\$1.84 billion) in the next six years to start 31 major industrial projects, but the mayor did not go into detail on the projects.

The capacity of its digital telephone system exceeded 88,500 lines last year, compared with 15,000 lines in 1990. This year, the city will invest 500 million yuan (\$57 million).

Hainan Governor on Improving Government Work
HK0906120594 Beijing RENMIN RIBAO in Chinese
27 May 94 p 2

[Report by staff reporters Ai Feng (5337 0023) and Bao Hongjun (7637 3163 0193): "Reduce the Number of Overseers, Increase the Number of Sanitary Inspectors—Ruan Chongwu Talks About the General Idea for Reforming Hainan Province"]

[Text] "It is necessary to reduce the number of overseers but increase the number of sanitary inspectors." This is a remark very easy to understand which was made by Hainan Governor Ruan Chongwu when talking about how government functions should be transformed in the course of establishing a socialist market economy. Some explorations have been made in theory and practice according to the above idea.

These reporters interviewed him in Haikou a few days ago in order to know what actually happened.

[Reporter] What do you think of the above simple and figurative expression concerning the transformation of government functions?

[Ruan Chongwu] Before answering this question, I should like to explain the following view first: The readjustment of interests is an issue that cannot be evaded in carrying out reform. Generally speaking, our reform is in the interests of the state, nation, and people. Meanwhile, reform is also a process in which the interest pattern is repeatedly readjusted. In the course of specific readjustments during a certain period, four circumstances—gaining a lot, gaining a little, gaining nothing, and gaining less—may occur. Interest relationships will, to a certain extent, affect people's attitude toward reform.

A great majority of the people in our country have benefited from reform, which is also very obvious in Hainan. Since the founding of the province six years ago, more than 200 enterprises directly under the provincial authority have increased their vitality, as most of them have transformed operational mechanisms and adapted themselves to the market. A great majority of the masses have also enhanced their living standards. However, in a certain stage of the reform process, some enterprises may suffer losses and the income of their staff and workers may be affected. This situation calls for our government to exercise the role of leader and guide and take care to exert influence on the main bodies of social behavior so that the masses will, in light of the overall and long-term interests, adopt a correct attitude toward the current difficulty, continue to participate in reform enthusiastically, and unite as one to strive for a magnificent future.

[Reporter] What has the view that you just talked about to do with the transformation of government functions?

[Ruan] They are quite closely related. In the course of moving from a planned economy to a market economy, fundamental changes have taken place in the mode of allocating social resources. Human, financial, material, and other resources which were previously distributed by government planning are gradually changed to be primarily allocated by the market. With regard to government departments, their previous authority in target assignment, examination, and approval have now been withdrawn, or the procedures have been changed. If the minds of government personnel are still confined in outmoded conventions, they will feel "frustrated." Moreover, they will even feel that their interests have been damaged because they have lost certain real power which they possessed in the past. Though the great majority of our government personnel are good, if this issue is not properly resolved, some of them will consciously or unconsciously take a passive attitude toward reform measures. In the meantime, the masses will find it difficult to approach government personnel for handling affairs as they are afraid of seeing the unpleasant countenance of the personnel. If things go on like this, the administrative efficiency and reputation of the government, being the leader and booster of reform, will be adversely affected, and the smooth progress of reform as a whole will certainly be affected too.

[Reporter] Is it for the purpose of enhancing government personnel's reform consciousness that you have clearly put forth this issue?

[Ruan] Yes. Such consciousness is chiefly manifested in the following two aspects: On one hand, every government worker must more consciously treat and handle the issue in light of the overall interests of reform. Our people's government has the obligation to serve the people wholeheartedly, so it and its personnel have no longer any interests of their own to consider except for those of the state and the people. Hence, every worker should seek his own development in serving the people. On the other hand, government workers should perform their work more consciously, vigorously, and in a clear-cut manner in their specific actions of transforming government functions.

"Small government, big society" is an important experience we have gained. If government organs are excessively big, not only do we have to increase administrative expenditure, but many personnel have to "look for something to do." In this way, they will take up this and check up that, only disturbing people and making trouble for enterprises. We have carried out reform in this area. In the future, we will divert some of our personnel to work in enterprises or in the service sector.

"Reducing the number of overseers but increasing the number of sanitary inspectors" is our general idea. Previously, government departments were in charge of a good many links in examination and approval, so they

were regarded as "overseers." What the market economy needs most, however, are not overseers, but those exercising standardized management and supervision. Hence, they are vividly likened to "sanitary inspectors." More overseers mean more expenses, which not only increase the cost of handling affairs, but reduce work efficiency. In addition, the practice also provides opportunities of "seeking personal gain by abuse of power" to a few personnel who lack strict self-discipline. Since last year, our work to transform government functions has started from this. For example, according to the principle of "relaxing the procedures of examination and approval while tightening management work" under the new enterprise registration system which we have practiced for a year, more than 100 units in charge of examination and approval have been abolished, and only 24 are licensed to carry on the work. This action has been well received, and, in a certain sense, it has removed the cause of corruption in the area of structure. Hainan's reform of tax collection and control system and labor power employment system have been carried out in line with this idea.

[Reporter] "Reducing the number of overseers" mainly refers to changing the economic management method of the planned economy, then does "increasing the number of sanitary inspectors" mainly refer to how government work can be better suited to the development of a market economy?

[Ruan] Yes, you may take it this way. Under a market economy, both the buyer and seller determine their own actions in light of gaining benefit to the maximum. The most fundamental requirement of the market economy is: Any enterprise and individual can freely enter or exit the market, and commodities can circulate without restriction. Therefore, the creation of a fine environment for free circulation in the commodity, service, and factor markets is a matter that the government should consider as top priority. In the past, there were quite a few regulations restricting free entry, exit, and circulation of commodities, and production factors which should be considerably simplified now. For example, there were many check-points on the roads that had fostered the malpractice of levying charges arbitrarily. In Hainan this year, the practice of collecting charges such as highway maintenance fees and others by various departments has been changed to a unified levy of "fuel sub-charge" by the petroleum retail sales department, and various check-points on the roads have been totally abolished, thereby creating the condition for free commodity circulation. Of course, some concrete measures have yet to be improved. Another example is that if property rights are unable to circulate, it is very difficult to achieve the objective of optimum allocation of resources. For this reason, we have started to standardize transaction behavior in this field to create conditions for property rights transactions. As regards the labor force market, a job search agency has been set up so that labor force markets in the province have been initially centralized, which has played a remarkable role in the rational flow

of labor force in the province. While resolving this issue, we should energetically carry out housing reform and social insurance system reform to remove anxieties arising from the flow of laborers. In short, we should create a fine market environment with the authority of the government and its fair service in a bid to fully mobilize the initiative of various social sectors and give impetus to the development in Hainan.

[Reporter] Now we roughly understand the meaning of your remark regarding "overseers" and "sanitary inspectors." It is associated with the idea of strolling around a park, which people are quite familiar with. The manager of a park is capable not because he sets up many gates to collect tickets, but because he puts in a lot of efforts to make the park very clean and beautiful so that people can enjoy their stroll there with pleasure. However, a market is not a park after all, and it is not omnipotent either. In the meantime, market mechanisms do not take effect spontaneously by solely depending on the market itself, because the macroeconomic regulation and control of the government should also be an essential component of a market economy. What do you think the government should do in this area?

[Ruan] Under a market economy, government's macroeconomic regulation and control really play an important part. In my opinion, the government should be adept at concretely exercising the functions of macroeconomic regulation and control through the following eight means—laws, regulations, policies, planning, coordination, balancing, intervention, and imposition of sanctions. With regard to the major projects which have social benefit but lack good direct economic results, the government must see to it that they are properly organized and brought into execution. What is more, the government must seriously manage rare resources and resources that cannot be regenerated, guard against monopoly, maintain fair competition and market order, stress efficiency while giving consideration to fairness; ensure rational distribution, maintain good social order, intensify ideological education, step up the building of spiritual civilization, and encourage honesty while combating corruption.

[Reporter] Judging from your above remark, it seems to me that the government's duties have increased rather than decreased, and its responsibility has become heavier rather than lighter.

[Ruan] Yes, we will continue to perform our work in line with this idea.

[Reporter] We hope that you will make even greater progress in your work. Thank you for the interview.

Guangdong Governor Addresses Awards Ceremony

HK1006080494 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 9 Jun 94

[Text] In Guangzhou this afternoon, the provincial government ceremoniously held a meeting to present scientific and technical awards. This is one of the important parts of this year's scientific and technical progress month in our province.

Provincial leading comrades who attended the meeting included Xie Fei, Zhu Senlin, Huang Huahua, Lu Ruihua, Lu Zhonghe, Cheng Zhiqing, Zhang Zhanxia, and others. The state scientific and technical awards were conferred on 22 projects, and provincial scientific and technical awards on 163 projects involving a total of 265 units and 915 persons throughout the province.

Governor Zhu Senlin made a speech at the meeting in which he said: To attain Guangdong's strategic target of basically realizing its modernizations by 2010, our province's annual increase in GDP must reach over 12.9 percent. To accomplish this strenuous task, it is very important for us to rely on scientific and technical progress. For this reason, a number of key laboratories should be established throughout the province, in addition to technical research and development centers that are closely linked with production enterprises. We also should develop technical popularization networks in various localities and trades. We should actively develop the technology market, and should encourage scientific and technical research units and personnel to run enterprises, or to become shareholders of enterprises in a form of scientific and technical investment to promote the integration of the market, scientific research, and production.

Guangdong Secretary on Role of Large, Medium-Sized Firms

HK0906140594 *Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 4 Jun 94*

[Text] Provincial CPC Committee Secretary Xie Fei held talks with persons in charge of some 10 large and medium-sized state-owned enterprises based in the Guangzhou area on the mornings of 3 and 4 June. After conscientiously listening to detailed reports on enterprises production and operations, product marketing, circulation funds, the transformation of operational mechanisms, and so on, Secretary Xie Fei asked many specific questions.

On the morning of 3 June, Secretary Xie Fei held talks with comrades in charge of a number of light and textile industrial enterprises based in the Guangzhou area. The comrades in charge of Guangzhou Bandao Electric Appliances Company, Guangzhou Baiyunshan Joint-Stock Company Ltd., Guangzhou Huanan Sewing Equipment Company, and Guangzhou Wuyang Bicycle Company briefed Secretary Xie Fei on production, operations, and the transformation of operational mechanisms this year. After being told that the above-mentioned enterprises have gradually extricated themselves from a difficult position to varying degrees, worked out new development strategies in accordance with the new reform measures introduced by the state since the start of this year, and achieved initial results in all areas of endeavor, Secretary Xie Fei said that whether Guangzhou would be able to maintain the traditional superiority of its light industry will largely depend on enterprises' reform, readjustment, and reorganization, as

well as the development of new and quality products. We should make every possible endeavor to explore a new road to this end.

Speaking of the problems facing enterprises at the moment, such as heavy burdens, a lack of circulation funds, and so on, Secretary Xie Fei noted that it is necessary to enhance determination and redouble efforts in this regard to basically resolve these problems over the next two years. At present, we must be determined to seize each and every opportunity to resolve these problems and make sound and concrete macroeconomic decisions to this end rather than shouting empty slogans. We should allocate more human resources to this area of endeavor.

On the morning of 4 June, Secretary Xie Fei held talks with comrades in charge of a number of heavy industrial and chemical enterprises based in the Guangzhou area. Comrades in charge of Guangzhou Iron and Steel Company Ltd., Guangzhou Heavy Machinery Plant, Guangzhou Petrochemical Plant, Fangcheng International Joint-Stock Company Ltd., and Guangzhou Paper Company Ltd. briefed Secretary Xie Fei on their development in great detail. After listening to the reports, Secretary Xie Fei pointed out that, by and large, large and medium-sized state-owned enterprises based in the Guangzhou area have already improved their operations to a certain extent. This shows that we have done a lot of work in this area and that these large and medium-sized enterprises have built a solid basis over the past decades and are now capable of enduring all types of trials. I am confident about improving their operations still further in the years to come. In all senses, large and medium-sized state-owned enterprises based in the Guangzhou area have always been in an extremely important position in the province. Given Guangdong's actual conditions, it is all the more necessary to maintain a large batch of large and medium-sized enterprises which can serve as Guangdong's industrial backbone and pillar, thereby pushing ahead with the province's overall industrial growth.

Secretary Xie Fei also gave the following three instructions concerning the development of Guangzhou's large and medium-sized state-owned enterprises: 1) clearly define property rights relations and transform large and medium-sized enterprises into genuine legal entities enjoying operational decisionmaking powers; 2) establish a strict and scientific enterprise management system within each large and medium-sized enterprise; 3) Guarantee large and medium-sized enterprises have advanced production expertise and equipment.

Secretary Xie Fei maintained: So long as we work hard and strive for new breakthroughs in these three areas, Guangdong-based large and medium-sized state-owned enterprises will certainly be able to shake off their heavy burdens, improve efficiency, and take on a completely new look in the near future. To achieve this, we must

make redoubled efforts to improve work in this area. h1
Overseas Consortiums View Guangdong Expressway
Projects

OW1006042394 Beijing XINHUA in English 0302
GMT 10 Jun 94

[Text] Guangzhou, June 10 (XINHUA)—Expressway
construction in south China's Guangdong Province is
attracting attention from big financial groups abroad.

So far, more than four billion U.S. dollars from abroad
has been put into or has been promised to 15 ongoing
projects.

A 120-km expressway costing 1.2 billion U.S. dollars will
link this capital of the province with the boom town of
Shenzhen. The project has already received 1.56 billion
Hong Kong dollars from the Hong Kong-based Hopewell
Holdings Ltd and a loan of 800 million U.S. dollars from
international consortiums.

Li Ka-shing, a Hong Kong tycoon, has injected 100
million U.S. Dollars into the building of a freeway from
Shenzhen to Shantou, which will need 2.5 billion yuan in
total.

Two Malaysian companies, the Ho Hup Construction
Company Berhad and United Engineers Berhad, have
poured 6.6 billion yuan into the building of a 188-km
expressway from Yangjiang to Zhanjiang.

Li Shaofeng, general manager of the province's
expressway construction company, said that the market
outlook is good as the number of vehicles has been
soaring in Guangdong in recent years.

The province had 3.27 million vehicles in 1993, com-
pared with only 747,000 in 1985.

Low risks and high returns in the projects have also
enticed overseas investors, he said.

An expressway running from Guangzhou to Foshan, the
province's first foreign-financed road, has a daily income
of 300,000 yuan, tenfold the figure four years ago.

Meanwhile, the province is to raise foreign capital
through new measures. For instance, foreigners will be
allowed to operate freeways for limited periods.

By the end of this century the province is expected to
have over 1,300 km of expressways.

Guangdong Rationalizes Number of Development Zones

HK0906123194 Hong Kong TA KUNG PAO in Chinese
8 Jun 94 p 7

["Special dispatch" by staff reporter Liang Chun (2733
6511): "Guangdong Retains 80 Development Zones
Involving Investment of 100 Billion Yuan"]

[Text] Guangzhou, 7 June—From 1984, when the State
Council established the first development zones, until

1992, a total of 300 development zones have been set up
in Guangdong. Since these development zones appeared
in large numbers on a large scale and were poorly
managed, land use management was in chaos. Since
1993, Guangdong began screening various types of
development zones. Yuan Zheng, director of the provin-
cial State Land Department, briefed this reporter a few
days ago on how development zones in the province
have been straightened out and how things stand now.

According to Yuan, after a year of comprehensive over-
haul, Guangdong has closed down and merged a total of
228 development zones established by townships and
towns without authorization or which were approved by
cities and counties. The province has decided to retain
83 development zones, of which 11 were approved by the
central government, 45 approved by the provincial gov-
ernment, and 28 approved after applications were sub-
mitted anew.

Yuan pointed out that the area approved for develop-
ment zones by the central and provincial government
had been limited. An overall plan has been worked out.
Under the plan, an area measuring 1,560 square km of
land will be assigned for development zones. Infrastruc-
ture and land developments in most development zones
are roughly in place, which has created a favorable
investment environment. In most development zones,
transport and telecommunications services and elec-
tricity and water supplies are basically available, and
large stretches of land have been cleared. Statistics show
that 260,000 mu of land has been assigned for develop-
ment zones at the provincial level and above, and of this,
120,000 mu has been developed. About 5,000 projects
have been introduced into development zones at the
provincial level and above, involving an investment of
110 billion yuan. For now, a total of 20 billion yuan has
been spent on construction and a number of projects
have gone on stream. For example, a total of 148 projects
have been introduced into the Qingyuan Experimental
Economic Development Zone to support poor areas,
involving an investment of 1.8 billion yuan. The realized
output value of 32 completed projects, which repre-
sented an investment of 800 million yuan, amounted to
200 million yuan last year and will increase to 1 billion
this year. The Jiedong Development Zone has intro-
duced 135 projects with a planned investment of 5
billion yuan, of which 400 million has been injected. A
number of development zones are entering into negoti-
ations with investors about introducing a number of
major construction projects. For instance, the Shuidong
Development Zone is planning to build a refinery pro-
ducing 20 million tonnes of oil each year and an ethylene
plant with an annual production capacity of 45 tonnes of
ethylene [figure as published], and the Zhanjiang Dong-
haidao Development Zone plans a steel works with an
annual production capacity of 10 million tonnes.

The development zones feature new methods of opera-
tion, new management techniques, and new approaches
to land development, utilization, and management.
Yuan said that the development zones have rationally

arranged land for construction projects according to the basic state policy of ensuring arable land is not reduced. The planned area for development zones at provincial level and above throughout the province totals 2.34 million mu, of which 820,000 mu is under cultivation, accounting for 3.5 percent of the total, less than the national average. The planned area of the Shuidong Development Zone is 120,000 mu, of which 16,000 mu is arable land, 1.3 percent of the total. The Yuebei Industrial Development Zone has obtained land for construction projects by making use of marshland and has reclaimed 70 hectares of land.

The development zones also feature a centralized monopoly of land. The local city or county government or the development zone management committee sees to it that land comes under unified planning, unified requisition, unified development, unified transfer, and unified management. This ensures smooth implementation of construction plans and that sufficient land is assigned for projects.

Yuan said that a series of preferential policies also helped the development zones in land development. The development zone management can make its own decision on land use, including giving priority to certain projects. The development zone management is also allowed to adopt flexible land pricing policies. Land for industrial and high-tech projects will be transferred at cost price or at cost price plus an appropriate amount of subsidy. The buyer is allowed to develop the whole stretch of land through construction projects on an appropriate scale and to accept or transfer land use rights in the form of rent in kind, including exchanging highways or bridges for land. There are no restrictions on selling commodity houses abroad, and the client is exempt from land use charges for a number of years. With these preferential policies, the development zones have made great progress in land development and utilization.

The current situation with regard to the development, utilization, and management of land in development zones is very good on the whole. However, major problems still exist. For instance, disorderly land management in one or two development zones, an excessive area of idle land, and defective land management systems. Therefore, the provincial state land department has stressed the need to manage land in development zones according to the law, approve land for development zones strictly according to state regulations, improve the operating mechanism of the market for development zone land, and further enforce a land management system characterized by "unified planning, unified requisition, unified development, unified transfer, and unified management" so that land use in development zones will be legalized and standardized.

Southwest Region

Gyaincain Norbu Views Tibet's 1993 Agricultural Progress

OW1006093894 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 16 May 94

[From the "News" program]

[Text] Listeners, the 25,000-character report on government work that Gyaincain Norbu, chairman of the autonomous regional people's government, delivered on 15 May to the Second Session of the Sixth Tibetan Autonomous Regional People's Congress is divided into three parts. The station will air excerpts of it in several installments. We welcome you to tune in.

In the first part of his government work report reviewing the work in 1993, Chairman Gyaincain Norbu spoke of the steady economic progress in rural and pastoral regions. Government at all levels increased inputs in farming and stock breeding in terms of funds, materials, and technology. As a result, the region saw its sixth consecutive good year of agricultural production. The total grain output was 620,000 metric tons, up 3.3 percent over the previous year. In spite of natural disasters in some prefectures and counties, all the major stock farming indexes rose slightly and remained stable compared to the previous year. Relatively rapid progress was made in the development of village and township enterprises and diversified undertakings. The total output of village and township enterprises topped 100 million yuan, an increase of close to 15 percent compared to the previous year. Income from diversified undertakings stood at 240 million yuan, up 18.8 percent from the previous year.

The report points out: The region's agricultural output in 1993 topped 2.3 billion yuan, and its total industrial output reached 535 million yuan, up 5.3 and 9.4 percent, respectively, over the previous year in terms of comparable prices.

Tibet Building Economic Ties With Other Regions

HK0906135294 Beijing RENMIN RIBAO in Chinese 6 Jun 94 p 1

[By Liu Wei (0491 0251): "Tibet Scores Notable Results in Establishing Lateral Economic Ties With Other Localities of China"]

[Text] Lhasa, 5 June (RENMIN RIBAO)—Tibet has scored results in establishing lateral economic ties with many provinces, municipalities, and autonomous regions in the hinterland. At present, there are 240 wholly owned, joint venture, or partnership enterprises in Tibet. In the last eight years, contracts on 600 economic coordination projects have been signed involving an investment of 700 million yuan.

In establishing lateral economic ties with the hinterland, Tibet has upheld the principle of combining giving play to superior local natural resources with the introduction of new techniques. The Lhasa Cement Plant succeeded in raising its cement quality to state standards and eliminated its long-standing losses by establishing a joint venture with the Sichuan Emei Cement Plant, which helped import an advanced production line. The Lhasa Farm Machinery Gypsum Plant overcame difficulties by introducing new techniques for producing gypsum from the Hunan Zhuzhou New Building Materials Factory and the Zhengzhou Design Institute. Last year Tibet approved 41 joint venture projects ranging from transportation to light industry, textiles, commerce, and trade.

Tibet has also invested in other localities to make money. Since 1991, Tibet has set up 39 productive and operating enterprises in 18 provinces and autonomous regions in the hinterland involving an investment of 170 million yuan. Out of 39 projects, 25 are profitable, with annual earnings amounting to 46 million yuan, while certain enterprises recovered their investment in the same year they made the investment.

Yunnan People's Congress Standing Committee Session Closes

HK1006090894 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 3 Jun 94

[Excerpts] The seventh standing committee session of the eighth provincial people's congress closed in Kunming yesterday, which was presided over by Yin Jun, president of the congress standing committee.

The session adopted the outlines of the standing committee of the provincial people's congress in 1994, the committee's five-year greening program, and several decisions concerning our province's rural areas; adopted the Regulations on the Implantation of Yunnan Province Concerning Land Management, the Methods of Implementation of Yunnan Province for the Mining Safety Law of the People's Republic of China, and the Regulations of Yunnan Province Concerning Management of the Cultural Market; adopted the Decision of the Standing Committee of the Provincial People's Congress on Approving Several Regulations of Kunming City Concerning the Peasants' Burdens and Labor Management, the committee's decisions on the Regulations of the Wenshan Zhuang and Miao Nationalities Autonomous Region Concerning Water Conservancy Facilities, on the Regulations of the Lancang Lahu Nationality Autonomous County Concerning the Rate of Progress, on the Regulations Concerning Protection of Historically Famous cities in Lijiang [prefecture]; adopted the Deputy Qualification Report of the Deputy Qualification Examination Committee of the Eighth Provincial People's Congress' Standing committee on Not Electing Deputies; and adopted 62 personnel appointments and dismissals [passage omitted]

Present at the session were Standing Committee vice chairmen of the provincial people's congress Bao Yongkang, Yang Yitang, Yang Ming, Dao Guodong, Li Shuji, Bao Zuoguang, Bao Hongzhong and Mai Ziqiu. Vice Governor Niu Shaoyao; Qiu Chaungjiao, president of the provincial higher people's court; and (Lu Shutie), deputy chief procurator of the provincial people's procuratorate also attended the session as nonvoting delegates.

North Region

Hebei Secretary Discusses Reducing Peasant Burdens

SK1006022794 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 8 Jun 94

[Text] On 8 June, together with responsible comrades of the provincial agricultural, power industrial, and pricing units as well as responsible comrades of some cities and counties, including Gaocheng, Xianxian, and Lincheng, Leaders Cheng Weigao, Li Bingliang, and Gu Erxiong studied and explored the situation where the province reduced the peasants' burdens and solved the problems relating to the rural areas' electricity charges in the past years as well as some existing problems. They also exchanged views on the measures that should be adopted this summer when planting, harvesting, and field management are underway.

Cheng Weigao stressed: According to the relevant state regulations, we should give to the peasants all the interests that should be given to them. None is allowed to violate regulations to add burdens on the peasants. There must be no increase in added burdens, even 1 yuan. Due to the scissors movement of the prices for farm and sideline products, the comparative efficiency of agriculture has been reduced over the past years. Along with the decreases in the output of the province's cotton and oil-bearing crops, the peasants' real income has become stagnant, and that in some localities has even been reduced. It is a foregone conclusion that the province will have a summer grain harvest this year. Thus, the peasants engaged in summer grain production will possibly register a bigger increase in their income. The problem at present is that we must not think of adding burdens on the peasants when the agricultural situation is better, and the peasants' income increases slightly. At present, we must realistically adopt measures and concentrate energy on grasping the planting, harvesting, and field management in the rural areas. According to the state regulations, the grain departments should do a good job in purchasing summer grain. Those who violate regulations to reduce [words indistinct] and prices and to damage the peasants' interests should strictly be punished. We should not only ensure to give to the peasants the interests that should be given to them according to the state regulations but also strictly prevent the occurrence of a rise in the peasants' burdens after a fall so as

to mobilize their enthusiasm and to ensure a sustained, faster, and smooth development of agriculture and the national economy.

In regard to the issue of ensuring the supply of electricity for the rural areas' three summer jobs and the issue concerning electricity charges, Cheng Weigao pointed out: The provincial discipline inspection commission, the provincial supervisory department, the power industrial department, and the pricing department should continuously regard the issue concerning the rural areas' electricity prices as an important task and firmly grasp it. The staff and workers contingents of the power industrial units should well be consolidated and managed.

Cheng Weigao pointed out: At present, we should also strengthen the propaganda and education for the peasants and urge them not only to resist unreasonable burdens but also to fulfill the duties that every citizen should fulfill. So, the peasants should ensure the delivery of grain in good quality and full quantity and automatically hand over to higher levels the money to be obtained by the higher levels in a reasonable and unified way.

Hebei Secretary Speaks on Spiritual Civilization

SK1006053494 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 9 Jun 94

[Text] What is Hebei's current endeavor to build the spiritual civilization, and what are its problems and priorities? This is a question that Cheng Weigao, secretary of the provincial party committee, has paid great attention to. On the morning of 7 June, provincial leaders Cheng Weigao, Chen Yujie, and Han Licheng heard a report on this issue given by the propaganda department of the provincial party committee.

After listening to the report, Cheng Weigao spoke on further intensifying efforts to build the spiritual civilization. He said: The current situation in building the spiritual civilization is good on the whole. However, this endeavor has yet to be developed in range and quality. We should conscientiously probe this in line with the new conditions. We should note that it is all the more important to step up efforts to build the socialist spiritual civilization when the socialist market economy system is being established gradually and money worship has become increasingly conspicuous in some localities. We should not only build an economically strong province, but we should also make Hebei a province with a strong spiritual civilization. The emphasis in the endeavors towards a spiritual civilization lies in the efforts to build it. Aiming at achieving a fairly comfortable life and promoting social progress, all localities should do a good job in formulating plans for building the spiritual civilization. The plans should at least specify the goals, fronts, activities, systems, and [words indistinct].

Speaking on the work that should be made successful when building the spiritual civilization, Chen Weigao

pointed out: Focusing on the education on patriotism, collectivism, and socialism, we should greatly advocate the spirit of courage in doing what is right, helping the people in need, helping the wounded and the dying, unity and friendship, selfless devotion, and hard work in pioneering new causes. We should extensively organize and carry out various healthy, cultivated, and civilized cultural activities that the masses can participate in. We should appraise and name civilized units and civilized villages and towns strictly according to established standards. We should conduct extensive and in-depth education on the legal system, especially among young people, conduct special study on the five-and-a-half-day work system and on how to organize and guide the masses' sparetime activities, do a better job in the infrastructure for cultural activities, and strictly manage the cultural market according to law, especially the markets for video and audio products and publications and recreational areas. We should earnestly solve the problems in the cultural market which are reflected in the refusal to abide by laws or laxity in enforcing laws. In rural areas, emphasis should be placed on the crackdown on feudal and superstitious activities. Such activities that endanger the physical and mental health of the masses and cause serious consequences should be strictly banned.

Cheng Weigao, secretary of the provincial party committee, urged party committees and governments at all levels to examine and arrange all tasks for building the spiritual civilization in a unified manner, conscientiously strengthen leadership, and change some localities' unwillingness to spend money on building the spiritual civilization. Top leaders of party committees and the comrades and departments in charge of the spiritual civilization should conscientiously hold their responsibility and be competent in their work.

Chen Yujie, deputy secretary of the provincial party committee, also spoke on his opinions at the report meeting.

Hebei City Confiscates, Destroys Illegal Firearms

SK0706080494 Shijiazhuang HEBEI RIBAO in Chinese 31 May 94 p 6

[Text] At the iron-smelting furnace on 22 May, Tangshan city public security bureau destroyed over 10,000 illegal firearms confiscated from civilians. The broad masses of citizens praised the public security organs for doing a good thing for social stability.

From July last year to the end of March this year, in view of the serious threat on social stability imposed by the increase in the number of cases involving the use of guns, Tangshan public security bureau concentrated time and police forces on comprehensively working to confiscate all sorts of firearms illegally used by civilians. The broad masses of public security cadres and policemen went deep to neighborhoods and villages to conduct investigations in every household in an effort to know the real situation, explained the policies to firearms holders, and

confiscated 10,541 firearms in nearly one year's time. Of these firearms, there were 378 steel-ball guns, 78 hunting rifles, 1,406 air guns, 4,343 firelocks, 31 small-caliber rifles, 2,247 tear-gas guns, 1,848 imitation guns of all sorts, and 120 self-made guns of various descriptions.

Hebei's Lixian County Produced More Gold in 1993

SK0906043094 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 8 Jun 94

[Summary] Lixian County turned out 7,320 liang of gold in 1993, an increase of 6,300 percent over 1987.

This county produced 1,745 liang of gold in the first quarter of this year and is expected to produce 10,000 liang of gold by the end of this year.

Northeast Region

Heilongjiang Secretary Inspects Yichun City

SK1006020494 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 8 Jun 94

[Text] From 4 to 7 June, Yue Qifeng, secretary of the provincial party committee, conducted investigation and study in Yichun city during which he pointed out: The most important task facing the cadres and the masses across the province is to conscientiously study volume no.3 of the *Selected Works of Deng Xiaoping*, further emancipate the mind, and realize the change from the planned economy into the socialist market economy. Ma Guoliang, deputy secretary of the provincial party committee, Wang Xianmin, member of the standing committee of the provincial party committee and secretary general, and responsible comrades of provincial-level departments concerned joined in the inspection tour.

Yue Qifeng and his entourage successively traveled to (Lang) Township, and (Guyingzi) and (Nanxia) Districts in Tieli city to inspect more than 10 state-owned large and medium-sized enterprises, joint-investment enterprises, township enterprises, individual, and private enterprises, visited (Ma Yongshun), a model worker on the forestry front, and (Chen Tongzhi), an outstanding paddy rice grower. In every place they visited, leading comrades of the provincial party committee extensively contacted with cadres and masses at the grass-roots level, and asked in detail about their situations in various aspects, such as production, operation, and living. During his inspection, Comrade Yue Qifeng gave some important views.

Yue Qifeng said: Since the third plenary session of the 11th party Central Committee, we have greatly emancipated our minds indeed. However, we must never overestimate this point. Northeast China is the first region that entered the planned economic front but the last one to leave it. At present, it is still in a state of retreating from this front. Many departments, enterprises, and

units have still held fast to the planned economic front, and the traditional concepts left over by the planned economy still can be seen everywhere. Therefore, emancipating the mind has remained our major task at present and for some time to come. Only when our minds are emancipated, can we further deepen reform, expand opening up, give full play to the wisdom and ability of the people, and change the advantages of resources into commodity and economic advantages. First of all, leading cadres at all levels should emancipate their minds and so do the masses of people. It is necessary to act in line with the ideology and work realities, combine the emancipation of minds with the specific issues in economic construction, and grasp them conscientiously and firmly. If we do a good job in emancipating the minds, our pace to advance will be rapid and even [words indistinct].

Yue Qifeng pointed out: Heilongjiang is an important industrial base of the state. For a long time, it has made great contributions and sacrifices to the country's socialist construction. At present, to readjust the production set-up, it is not realistic to rely only on the efforts of the state. We must rely on our own efforts. We should regard reform of the property right system as a nucleus and expand the enterprise reform strength. In the past, enterprises used to clasp state-owned enterprises which were considered as the trump cards. Actually, this is the sign of a big common bowl. We should be determined to conduct reform of the property right system in small state-owned industrial and commercial enterprises and lease out or sell what should be leased or sold. We should not continue to sit at home eating away our resources.

Yue Qifeng repeatedly stressed the necessity of grasping enterprise management. He said: One of the major reasons for enterprise deficits is lax management and discipline, having no person to assume responsibility, and thus resulting in low economic efficiency. Grasping management needs no investment. But, we must [words indistinct]. Therefore, enterprises should conduct activities on training internal skills, grasping management, tapping potential, and increasing efficiency, raise the management level, and enhance economic returns.

Yue Qifeng said: While attending to state-owned large and medium-sized enterprises, we should exert efforts to grasp township enterprises, high and new technology industries, tertiary industry, three types of foreign-funded enterprises, neighborhood collective enterprises, and individual and private enterprises in an effort to cultivate new economic growing points. These new economic points need very little investment but have very rapid development rates and can yield economic returns within a short time. At present, we should give a free hand in the development of individual and private economic units. In short, we should develop all types of enterprises and actively support those who can be developed rapidly.

Yue Qifeng said: I have traveled to the forestry area to have a look of it and discovered that it is really rich in

natural resources and has treasures everywhere. It is necessary to enhance the concept of market and the sense of commodity, protect, cultivate, and develop the natural resources, and transform the resources advantages into commodity and economic advantages.

Yue Qifeng fully affirmed the achievements of (Nanxia) District in developing small-scale processing of wood products and pointed out: In this processing work, we may develop many varieties. This work has great prospects. It is necessary to give the people a free hand in running this business and let all households do it. The government should do a good job in market construction and service. As long as we change our minds, we will not lead a poor life when there is a gold mountain nearby.

During investigation and study, Yue Qifeng emphatically pointed out on several occasions: We should try by all possible means to mobilize the enthusiasm of the masses of cadres. He said: When the people are eager to do a thing, they can even move Thai Shan and when the people are not happy and not eager to do it, nothing can be accomplished. Our cadres should strive to make the places where they serve as officials prosperous. This is the full expression of ability of political integrity of cadres. To evaluate cadres, we must pay attention to the achievements in their career and not to any relations. In the course of building the socialist market economic system, as long as we strengthen party building and mobilize the positive factors of all sectors, all difficulties facing us will surely be overcome, and the economic invigoration of Heilongjiang will surely reappear under the socialist market economic conditions.

Heilongjiang Holds Seminar on Economic Relations With CIS

SK1006022994 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 8 Jun 94

[Text] The China Dialectics of Nature Research Society, the Heilongjiang Provincial Scientific and Technological Association, the provincial economic and trade society, and the provincial Dialectics of Nature Research Society, cosponsored the seminar which was held in Harbin today on the present situation and prospects for developing economic and trade relations with CIS countries. Over 60 specialists and representatives from six provinces and cities across the province studied the issues on the influence that the political and economic situations of CIS countries impose on us, the current existing problems in border and local trade, countermeasures for this, and prospects for developing cooperation with the south and opening up the north, and on the basic role that may play.

During the seminar, Vice Governor Wang Zhongzhang emphatically pointed out: At present, the difficulties which we have met in our economic and trade work are temporary. These difficulties are not caused naturally. We should unswervingly implement the measure proposed by the provincial party committee on attaching strategic importance to opening the border areas to the

outside world, do a good job in readjusting the trade items, strengthen economic and technological cooperation, accelerate the pace of building our province into an international main channel, establish long-term economic and trade relations with foreign countries, and promote continued development of foreign economic and trade relations in our province.

More than 40 academic theses and research reports were submitted to the seminar.

Northwest Region

Gansu Leaders Call For Better Cadre Leadership

HK1006063794 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 31 May 94

[Excerpts] Yesterday [31 May] morning, the provincial party committee and government jointly held a meeting of leading cadres of departments directly under the jurisdiction of the provincial government to brief them on results of the investigation of department leading bodies, which was conducted by the provincial party committee. The meeting urged further implementation of the responsibility system of leading bodies of the departments directly under the jurisdiction of the provincial government and improvement and strengthening their ideological construction and work style, and [words indistinct].

Vice Governor Chen Yiling presided over the meeting. Seated in the front row of the rostrum were Yan Haiwang [provincial party secretary], Sun Ying and Yang Zhenjie, Zhong Zhaolong, Lu Hao, and Han Zhengqing.

In his report to the meeting, Sun Ying said: During the investigation, 34 cadres were transferred to form six investigation teams. In the last 10-days of February, the teams began conducting an overall investigation in three batches of the leading bodies of 50 selected departments directly under the jurisdiction of the provincial government. Judging from the investigation results, most of the leading bodies were good or relatively good. However, there were also problems that should not be overlooked. Their main manifestations were as follows: A small number of leading cadres [words indistinct] and failed to meet the requirements of the development of the situation in terms of ideological conceptions and culture mix. [passage indistinct] A tiny number of leading cadres abused power to seek personal gain and performed official duties dishonestly, thus arousing discontent among the masses of people. [passage omitted]

At the meeting, Yan Haiwang made a speech which centered on the issues of implementing the responsibility system of leading bodies of departments directly under the jurisdiction of the provincial government and job target responsibility. He said: Implementing the responsibility system of leading bodies [words indistinct] completion of work in various fields of endeavor this year, necessary for development of the socialist market economy and for

the deepening of reform of the political structure, and important to strengthening ideological construction and improving work styles. [passage omitted]

Yan Haiwang emphatically pointed out that the general requirement for provincial authorities to implement the responsibility system of leading bodies and job target responsibility is to heighten one's fighting spirit, fulfill one's duties diligently and honestly, get united and coordinated, and do solid work. He said:

Specifically speaking, first, the principal leader responsibility system should be implemented effectively. [passage omitted]

Second, supervision, inspection, and assessment should be strengthened and discipline should be strictly enforced. [passage omitted]

Third, government functions should be transformed and services strengthened. [passage omitted]

Fourth, it is necessary to establish a job target responsibility system, heighten one's fighting spirit, and do solid work. [passage omitted]

Fifth, it is necessary to study more, toughen party spirit, and [words indistinct].

Finally, Yan Haiwang urged the broad masses of cadres and people to work hard with one heart and one mind, do their duties, and make due contributions to the development of the province's two civilization building.

Qinghai Secretary Addresses Help-the-Poor Meeting

HK1006061494 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 6 Jun 94

[Excerpts] At the provincial help-the-poor and development working meeting, which closed on the afternoon of 5 June, provincial party Secretary Yin Kesheng urged leading cadres at all levels to deepen their understanding, strengthen leadership, and fulfill the great task of helping the poor through development.

During the meeting, in light of local conditions, representatives from all parts of the province held earnest discussions on how to implement the province's help-the-poor plan for this year and eliminate backwardness in the poor areas as quickly as possible and offered good suggestions and opinions.

Present at the meeting were leading comrades including Yin Kesheng, Cai Zhulin, Wang Hanmin, Yao Xiangcheng, Huanjie Cailang, Mao Yuanbiao, Bai Ma, and Liu Guanghe, and Han Yingxuan [provincial CPPCC chairman].

At the meeting, Ying Kesheng put forth concrete measures to organize implementation of the province's help-the-poor plan for this year and made an important speech on how to do a good job of carrying out this year's help-the-poor work.

In his speech, Yin Kesheng said: Historic achievements have been made in the economics of both our province's rural and pastoral areas since the drive of reform and opening up to the outside world was carried out. Nevertheless, hamstrung by historical, geographical, and other elements, 1.19 million peasants in our province still have problems of food and clothing. The 1990's are crucial to our province in pursuing the goal of the second-step strategy. Paying close attention to the work of helping the poor through development is part and parcel of the goal. Thus we should understand and approach the work from the level of the overall situation of the national economy. While encouraging the areas which have relatively good conditions to continue to maintain the momentum of rapid development, we should help the poor areas speed up the pace of their development and construction to boost the province's economic strength, promote common prosperity and progress among all nationalities, and maintain social stability. He pointed out that the work of helping the poor through development is a social systems engineering undertaking. We should correctly handle the relationship between taking stopgap and radical measures and between long-term and immediate interests, be good at grasping the principal contradiction, and concentrate forces on improving basic conditions for production and enhancing the ability of poor areas to develop themselves. [passage omitted]

Yin emphasized that implementation of the help-the-poor and development plan is a task which has a strong policy, social, and mass character. We should attach greater importance to the work of helping the poor through development than we did in the past. Party committees and governments at all levels should put the work on the agenda as an important task. Principal party and government leaders should personally take up the job, take the overall situation into account, and make overall plans. The provincial party committee and government decided to introduce a prefectural, city, and county principal administrative leader responsibility system in implementing the province's help-the-poor plan for this year. [passage omitted]

Vice Governor Ma Yuanbiao presided over the current meeting and set requirements for the transmission and implementation of the spirit of the meeting.

Qinghai Attracts Capital, Technology To Exploit Resources

HK0906111994 Beijing RENMIN RIBAO in Chinese 6 Jun 94 p 1

[By Wang Bo (3076 3134): "Qinghai Absorbs Capital and Technology To Exploit Resources"]

[Text] Xining, 5 Jun (RENMIN RIBAO)—Qinghai has strengthened its lateral economic ties and economic and technological cooperation with other provinces, municipalities, and autonomous regions by making adequate use of its superior natural resources. By late 1993,

Qinghai had signed contracts for 1,137 joint venture projects, introducing and using 384 million yuan from areas outside the province with the total realized amount for material coordination standing at 424 million yuan. A total of eight autonomous prefectures, prefectures, and cities in the province have established cooperative ties with corresponding units in 61 prefectures, cities, and counties outside the province.

Since 1988, Qinghai has set up 121 joint venture factories and operating companies and 273 joint venture operations and service windows [jing ying fu wu chuang kou 4842 3602 2591 0523 4514 0656] in areas outside

the province, with aggregate investment hitting 150 million yuan. Enterprises throughout the province have introduced over 100 new technologies or new achievements in scientific research each year. Nearly 30 enterprises outside the province have invested 15 million yuan in Xinghai, Tongde, and Qilian counties, which are focused on tapping natural resources. In the meantime, Qinghai has established cooperative economic and technological relations with other provinces, municipalities, and autonomous regions throughout the country. Qinghai has signed contracts for 287 joint venture projects with provinces and autonomous regions along the Huang He alone.

Mainland-Taiwan U.S. Trade Competition Escalates*HK0906072794 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1212 GMT 29 May 94*

["Special" article by Li Xiaozhun (2621 1321 6150)]

[Text] Hong Kong, 29 May (ZHONGGUO TONGXUN SHE)—In recent years, since the mainland has actively explored overseas markets and vigorously improved product quality, while many Taiwan businesses are investing in the mainland, the mainland has apparently gotten the upper hand on Taiwan in the competition for foreign trade, especially for market shares in the United States.

In 1992, China, with \$25.5 billion worth of exports to the United States, overtook Taiwan for the first time. In 1993, China left Taiwan further behind, with \$31.4 billion worth of exports to \$23.5 billion from Taiwan. China's exports to the United States amounted to \$7.4 billion for the first quarter this year, nearly 40 percent higher than the \$5.3 billion worth achieved by Taiwan. It is predicted that the competition in foreign trade between the two shores will be getting more acute since the United States has now renewed the most-favored-nation [MFN] status for China. And the mainland, as a traditional exporter of labor-intensive products, is expected to gain a still greater share of the U.S. market.

For years the United States has always been the largest market for Taiwan exports. In recent years, however, Taiwan's competitive power as a traditional exporter of labor-intensive products has been declining because of the increase in production costs as a result of labor shortages and wage increases. Consequently Taiwan export market share in the United States has been decreasing year by year. Taiwan's exports to the United States have been continuously declining since 1987, and Taiwan product market share has decreased from 6.07 percent in that year down to 4.34 percent in 1993. Meanwhile, however, China's share of the U.S. market has been expanding from 1.55 to 5.46 percent during the same period.

Of the traditional Chinese and Taiwan exports to the United States, China-made garments, plastic products, furniture, and shoes exported to the United States increased by 22, 59, 44, and 32 percent respectively in 1993; whereas Taiwan-made garments, plastic products, and shoes exported to the United States decreased by

7.1, 6.6, and 30.8 percent respectively, only furniture exports which registered a slight increase of 1.9 percent. What is more, China's toy exports to the United States has now surpassed by far Taiwan's past record in terms of export value. All these changes indicate that Taiwan has lagged behind China in terms of competitive power for quite a few export items in the U.S. market.

The United States recently announced the renewal of the MFN status for China Mainland. This will give an impetus to further increasing the competitive power of China's exports to the U.S. market. And China's exports, especially labor-intensive products, will further expand their market share in the United States. To meet the increasingly keen competition between the two shores of the Taiwan Strait in foreign trade, Taiwan will need to step up its efforts to upgrade local industries, further readjust the composition of exports to the United States, and increase exports with high added value, otherwise it can hardly improve its position in the competition with China for share of U.S. market.

Relatives of Qiandao Tragedy Victims Not at Trial*OW1006104294 Beijing XINHUA in English 1010 GMT 10 Jun 94*

[Text] Hangzhou, June 10 (XINHUA)—No relatives of the Taiwan tourists who died in the March 31 Qiandao Lake tragedy were present when the public trial of three men accused of murder opened here today.

Relatives of the 24 Taiwanese victims had been told that they could attend the hearings if they wished, official sources here said.

The Association for Relations Across the Taiwan Straits (ARATS) invited relatives of the boat fire tragedy to attend the public trial, via the Taiwan-based Straits Exchange Foundation (SEF), on the 2nd, 5th and 8th of this month, the sources said.

ARATS said that representatives of SEF, too, are allowed to attend the trial in their own names. Seats are actually reserved for them.

In the afternoon of June 8, ARATS received a formal notice from the SEF saying that five relatives of the Taiwan victims would attend the trial. But none of them have been present at the trial so far.

Officials here said that the court will make proper arrangements for them if relatives of the victims and representatives of SEF want to attend the trial before the court reaches its decision.

Government Honors Indonesia's Habibie

OW1006103194 Taipei CNA in English 0833 GMT 10 Jun 94

[By Sofia Wu]

[Text] Taipei, June 10 (CNA)—Foreign Affairs Minister Chien Fu, on behalf of the Republic of China [ROC] Government, decorated Bacharuddin Jusuf Habibie, Indonesia's state minister in charge of research and technology, with the Order of Brilliant Star with Grand Cordon Friday [10 June] in recognition of his contribution to promoting substantive ties between Taipei and Jakarta.

The decoration ceremony was not open to the media because the Indonesian Government asked the ROC to keep Habibie's visit low profile in order not to irritate Beijing, with which Jakarta maintains diplomatic ties.

After the ceremony, Chien and Habibie exchanged views on matters of mutual concern. Chien later gave a luncheon in honor of Habibie, an engineer-turned administrator.

Habibie, heading a large group of Indonesian trade, technology and agriculture officials as well as business leaders, arrived in Taipei Thursday evening for a three-day visit.

Habibie helped arrange president Li Teng-hui's itinerary in Indonesia when Li made a groundbreaking unofficial visit to the Southeast Asian nation in February. He accompanied Li to tour many Indonesian industrial and agricultural institutions.

Habibie told local reporters that although he is not a member of the organizing committee for the 1994 summit of the Asia-Pacific Economic Cooperation (APEC) forum, he will try his best to have Li invited to the meeting, slated for November in Jakarta.

Nevertheless, Habibie said, he cannot at the moment predict whether Li will be able to attend the meeting.

Because of Beijing's boycott, Li failed to attend the first-ever APEC leadership meeting held in Seattle last November. Both Taipei and Beijing are APEC members.

Habibie, the chief architect of Indonesia's aerospace industry, said he will explore the possibility of Taipei-Jakarta cooperation in aerospace technology development during his stay here.

"There is still ample room for our two countries to cooperate," the Indonesian minister noted.

Habibie will leave Taiwan for Japan Saturday.

Despite the absence of diplomatic ties, substantive relations between Taiwan and Indonesia have grown steadily in recent years. According to statistics released by the Indonesian Government, aggregate direct Taiwan investment in Indonesia reached US\$8.68 billion at the

end of April, making Taiwan the second largest foreign investor in that country after Japan.

Chiang Kai-shek Statue Removed From Traffic Circle

OW1006084794 Taipei Voice of Free China in English 0200 GMT 9 Jun 94

[Text] A bronze statue of Taiwan's late leader Chiang Kai-shek was removed from a traffic circle in the southern port city of Kaohsiung on Tuesday, a sign of the former first family's declining influence. The four-meter two-ton statue erected in 1971 was the last statue of Chiang on horseback in Kaohsiung. Opposition protesters have vandalized the statue on several occasions.

A spokesman for the Kaohsiung City Government said the statue was removed to ease off a traffic bottleneck at the circle, but he could not say why 180 police officers were mobilized at 3 am when the statue was being removed. The Chinese language UNITED EVENING NEWS said the statue was quietly removed, and police officers were ordered to the spot to avoid unnecessary trouble, such as protest. An opposition legislator has said there are more than 30,000 statues of Chiang Kai-shek across the island.

Overseas Chinese, Foreign Investment Up 48 Percent

OW1006093294 Taipei CNA in English 0804 GMT 10 Jun 94

[By Lilian Wu]

[Text] Taipei, June 10 (CNA)—Foreign investment in Taiwan is up, with approved Overseas Chinese and foreign investment reaching US\$459 million in the first five months of this year, 48 percent more than during a similar period of last year, according to statistics released Friday [10 June] by the Investment Commission.

The commission said approved Overseas Chinese and foreign investments in electrical and electronic products totaled US\$139.67 million during the period, up 32 percent from the same time last year.

This was followed by an increase in food and beverage manufacturing investment which was up 144 percent over last year. Approved investments in chemical manufacturing, the wholesale and retail sales industry, and the service industry were also up, the commission added.

Overseas Chinese from the United States made the most investments during the period, pouring some US\$9.064 million into Taiwan. This, however, is down 33 percent from last year. Overseas Chinese from Hong Kong, Japan and Singapore followed the US in total investment.

Most of the foreign investment during the period came from Europe, with a total of US\$113.71 million, slightly ahead of Japan's US\$111.97 million.

Indirect Investment in Mainland Hits \$373.148 Million

OW1006103394 Taipei CNA in English 0836 GMT 10 Jun 94

[By Lilian Wu]

[Text] Taipei, June 10 (CNA)— Republic of China [ROC] government approved indirect investment in Mainland China hit US\$373.148 million in the first five months of the year, the Investment Commission said Friday [10 June].

The commission said that Shanghai was the favorite destination of Taiwan manufacturers, with investment projects in Shanghai reaching US\$68.541 million and accounting for nearly half of the 66 approved investments during the period.

Investment in basic metal and metal products manufacturing attracted the greatest number of investments, followed by the food and beverage manufacturing industry, electrical and electronic products industry, plastic products manufacturing and the sophisticated instrument and machinery manufacturing industry.

Approved Outbound Investments Up 70 Percent

OW1006103094 Taipei CNA in English 0825 GMT 10 Jun 94

[By Lilian Wu]

[Text] Taipei, June 10 (CNA)—Approved outbound investments hit US\$823.4 million in the first five months of this year, up 70 percent from the same time last year, the Investment Commission said Friday [10 June].

The commission said that the investments were mostly targeted at Southeast Asian nations, especially Malaysia, Singapore and Thailand, showing that the government's "southern strategy" and its policy of diversification of overseas markets has borne fruit.

Investment in Malaysia was up 730 percent from the same time last year, while investment in Thailand and Singapore was up 111 percent and 182 percent respectively.

Investment in Indonesia was down 59 percent, the commission said. They blamed the decline on anti-Chinese riots there earlier this year.

Investment in Vietnam also edged downward 0.25 percent, the commission added.

Investment in overseas financial and insurance industries was up 273 percent to US\$379.72 million during the period to top the list of investment targets. Investment in the wholesale and retail sales industry jumped 778 percent from last year, electrical and electronic products investment was up 171 percent and investment

in the transportation industry was up 479 percent from last year, the commission said.

French Engineering Firm Interested in Tapping Market

OW1006100894 Taipei CNA in English 0810 GMT 10 Jun 94

[By M.J. Tsou and Debbie Kuo]

[Text] Paris, June 10 (CNA)—French Engineering conglomerate the Bouygues Group is interested in tapping the Taiwan and Asian markets through cooperation with Taiwan counterparts, a firm spokesman said Thursday [9 June].

Michel Derbesse, managing director of Bouygues' Construction Engineering Department, said in an interview that his company is seeking appropriate partners in Asia to explore the dynamic Asian regional [words indistinct].

Bouygues, [words indistinct] leader in infrastructure engineering technology, boasted an annual business turnover of US\$14 billion last year. The company recently completed construction of the Channel Tunnel linking France and Britain using its self-developed plate drilling machines.

The French engineering giant entered the Asian market a few years ago. Its recent achievements in the area include a colossal open-air all-purpose stadium in Hong Kong, and a new city in Thailand which is regarded as an engineering marvel.

Bouygues is also a veteran builder of nuclear power plants. Commenting on the recent controversy over the proposed fourth nuclear power plant in Taiwan, Derbesse said France had also experienced similar problems. Opposition, however, died away gradually as the people were convinced of the safety of the plants.

Derbesse said Bouygues volunteered its technical assistance to the Chernobyl nuclear plant after the plant exploded in 1986.

Michel Demarre, manager of the company's Asian operations, said that Taiwan can serve as a springboard to other markets in the Asia-Pacific region. Demarre added that he hopes Bouygues can begin business in Taiwan by working on projects related to the Six-Year National Development Plan.

Demarre said Bouygues is ready to offer its services in freeway, bridge, tunnel and seaport development, and in other fields including oil drilling on seabeds, water treatment, telecommunications, industrial pollution prevention, foodstuff processing, and motion picture and television film production.

Information Industry Turnaround Boosts Manufacturing

OW1006102294 Taipei CNA in English 0817 GMT 10 Jun 94

[By Sofia Wu]

[Text] Taipei, June 10 (CNA)—Taiwan's information and electronics industries saw a major turnaround last year, contributing much to the growth of the manufacturing sector, according to a survey by COMMONWEALTH magazine.

The information and electronics industries were hard hit by a worldwide economic recession in 1992, and many companies in the fields went bankrupt.

However, the two industries rebounded strongly last year, with the information industry registering an average profit rate of 4.9 percent and electronics makers achieving an even more impressive 8.3 percent profit rate, the Chinese-language business magazine said in its June issue.

The average profit rates for the information and electronics industries were 1.4 percent and 3.9 percent respectively in 1992.

The magazine said aggregate business turnover of Taiwan's top 1,000 manufacturing companies totaled NT\$3 trillion (us\$111.11 billion) in 1993, up 11 percent from the year-earlier level. About 54 percent of the increased turnover came from the information and electronics industries, the magazine added.

A total of 257 information and electronics firms made the "COMMONWEALTH top 1,000" list.

The magazine said the top 1,000 firms' business turnover accounted for 65 percent of the manufacturing industry's total production for 1993, compared with 51 percent recorded in 1987.

The figures show large enterprises have gradually become the mainstay of Taiwan's manufacturing industry following an exodus of small and medium sized companies in recent years, the magazine noted.

It added that although cumulative turnover of the top 1,000 firms rose only 11 percent in 1993, their net profits increased by an average of 30 percent, indicating their efforts to streamline management and control operational costs have paid off.

The commonwealth survey also found non-metal furniture and wooden product manufacturers saw 69 percent growth in their business turnover last year, the highest among the 24 industries under study. On the other hand, chemical, paper and automaking industries suffered turnover declines.

Island To Become Asian Saab Aircraft Maintenance Center

OW1006102394 Taipei CNA in English 0821 GMT 10 Jun 94

[By Debbie Kuo]

[Text] Taipei, June 10 (CNA)—The Swedish aircraft manufacturer Saab has decided to make Taiwan a maintenance center for Saab airplanes operating in the Asia-Pacific region, Chairman Hans Kruger said Friday [10 June].

During a meeting with Mao Chih-kuo, director-general of the Civil Aeronautics Administration, Kruger said he is confident that Taiwan is capable of becoming an Asian aircraft maintenance center with its skilled work force and increasingly upgraded facilities.

Saab is cooperating with Formosa Airlines in expanding and upgrading a Formosa maintenance shop in Taichung to use as a base for the maintenance center, Kruger said.

Several Formosa technicians have received a Collins' license for overhauling engines and navigation systems, certifying them capable of doing the maintenance work here rather than sending the machinery abroad for overhaul, according to an official of the Taipei-based airlines.

Saab will also help Formosa acquire sophisticated equipment for aircraft safety inspections, such as X-ray systems and eddy current systems, the official said.

Formosa Airlines, with seven 37-seat Saab-340b's in domestic flight service, is expanding its fleet with three 67-seat Saab-2000's and three 107-seat Fokker 100's, the official added.

Hong Kong

Zhou Nan Addresses Hong Kong Chinese Civil Servants

OW0906115194 Beijing XINHUA Domestic Service in Chinese 0820 GMT 8 Jun 94

[Text] Hong Kong, 8 Jun (XINHUA)—Zhou Nan, director of the XINHUA NEWS AGENCY Hong Kong branch, expressed his hope here that the broad masses of Hong Kong Government functionaries will remain in Hong Kong after 1997, serve in the future special administrative region, and continue to contribute to the welfare of the broad masses of Hong Kong people.

Zhou Nan made the statement while meeting and feting key personnel in charge of the Hong Kong Chinese Civil Servants Association [CCSA] which is the largest organization of government functionaries in Hong Kong. He said, "When handling issues on government functionaries, including their appointment, promotion, welfare, and remuneration, the Chinese Government will strictly abide by relevant provisions of the Basic Law. There will not be a so-called 'major reshuffle' let alone such an issue as 'settling accounts afterward'."

Zhou Nan expressed his hope that the Hong Kong Government functionaries will make more contributions to serve the society, ensuring a smooth transition of Hong Kong in 1997, and to safeguard Hong Kong's long-term stability and prosperity. Meanwhile, he also hoped that the CCSA will further exercise its influence in this regard, and will continually unite the broad masses of government functionaries so that they will retain their posts and continue to serve in Hong Kong after 1997.

Speaking at the banquet, Zhou Nan commended the CCSA for its continuing efforts to fight for the rational rights and interests of government functionaries for a prolonged period, and affirmed the CCSA's contributions to Hong Kong society. He also indicated his appreciation for the CCSA's stance that government functionaries should be "apolitical" and for its practical, steady, earnest, and responsible work style.

CCSA leaders commented on the CCSA's celebration of its 80th founding anniversary in 1994. They also expressed their views on issues including government functionaries' pension saving fund, their appointments and working conditions, their localization issue, and their transfer to another administrative system.

Economic Group To Divide Into Six Sub Groups

HK0906150494 Beijing ZHONGGUO XINWEN SHE in English 1225 GMT 9 Jun 94

[Text] Beijing, June 9 (CNS)—The two-day session held by the economic group of the Preliminary Working Committee (PWC) for the Hong Kong Special Administrative Region ended here today. Leaders of the group,

Mr. Gao Shangquan and Mrs. Nellie Fong said in a press conference that today's meeting centered on the work report for the first half of this year and had made preparations for a concluding meeting to be held in July. The session also discussed work set for the second half of the year.

Members of the group were convinced that the group would be divided into six smaller teams in the second half of the year in a bid to smooth the work. The sub-groups are the large-scale project and contract study team, the study team for coordination of large basic construction in Hong Kong and China, the land and housing policy study team, the financial and economic study team, the foreign economic relations study team, and the study team for economic and trade relations between Hong Kong and China after 1997.

Mr. Gao said that the latter two teams were newly created in a bid to validate agreements and treaties signed by the territory with foreign countries before 1997. As economic relations increasingly grow closer and bigger between Hong Kong and China, a clear picture should be defined for further development of such links. Establishment of the two teams can help achieve this end and are aimed at maintaining stability during the transition period and for the long-term prosperity in the territory after 1997.

Macao

Note-Issuing Work Group Holds Fourth Meeting

OW0906140494 Beijing XINHUA in English 1348 GMT 9 Jun 94

[Text] Macao, June 9 (XINHUA)—China and Portugal continued here today their discussions on the involvement of the Bank of China (BOC) in note-issuing matters in Macao.

Representatives and monetary experts from both sides agreed that BOC and Portugal-funded Banco Nacional Ultramarino E.P., now the note-issuing bank in Macao, could issue notes in Macao at a certain ratio. Concrete measures will be discussed at later meetings of the working group.

Han Zhaokang, representative from the Chinese team of the Sino-Portuguese Joint Liaison Group, said after the fourth meeting here today that talks on the note-issuing would soon enter the essential stage. He added, the Chinese Government hopes that matters concerning note-issuing should be handled in the light of the regulations in the Sino-Portuguese Joint Declaration and in the convergence with the Macao Basic Law.

Han Zhaokang said he was convinced that when the work on note-issuing ends, "it will be a good thing for the maintenance of stability of Macao's monetary system."

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